Monday June 9 1980

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BUSINESS

pean Monetary System, leading

to suggestions that it may be

devalued, despite the fact that it is well within EMS limits.

guilder were the firmest curren-cies in the EMS, followed by the Irish punt and Belgian franc,

with little difference between

European interest rates

the D-Mark and Danish krone.

tended to decline, following the

cut in U.S. rates. The Belgian

Lombard rate, but left the dis-count rate unchanged.

JUNE, 1980

GRID

O UNADA DE DE DE

Committee plans to ask com-

tries to disciose the volume of

their proved reserves to over-

come special inflation account-

U.S. attempts to extend anti-

trust laws to foreigners outside

its territory and the U.S. prac-

tice of handing down multiple

SWEDEN could see a rise in

consumer prices of at least 12 per cent this year with further worsening of the balance of pay-

ments, says an OECD survey.

• BOOTS, pharmaceutical and

retail chemists group will switch

from gas/oil fuel to coal at its

Beeston plant near Nottingham

tonnes of coal a year. Page 3

THE general secretary Len

Murray is expected to meet

tricity Generating Board this

week in a bid to end the Ise of

outstanding losses on computer leasing insurance policies.

Grain power station dispute.

Page 2.

Back Page

damage judgments. Back Page

papies in the oil and gas indus-

National Bank reduced

The French franc and Dutch

Lebanon Jaguar to run BL's looks **Fisher** for new body plant leader control of the Castle Bromwich body plant in Birmingham is to

ebanon President Ellas Sarkis Steel Fisher to Jaguar Cars, but denying that Jaguar is to be today begins talks on the termation of a new Government sold. Back Page after the resignation of Prime Minister Selim al-Hoss at the ● ITALY'S LIRA was again the weakest member of the Euro-

Dr. Hoss said he was stepping aside to make room for a Gov-eroment, that, would restore national unity.

But his resignation has caused deep anxiety at a time of increasing factional violence in the country. Page 2

Missile threat

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Palestinian guerrilla leader said in Beirut that Libya had supplied guerrillas with missiles capable of striking 25 miles into Israel. Page 2

Author Henry Miller, whose

early novels, including Tropic of Cancer and Tropic of Capricorn, were banned as poznography in many countries, died in Los Angeles. He was 88.

Henry Miller dies

Bombings wave

Provisional IRA claimed responsibility for the wave of bombings and shootings which swept Northern Irstand An Army bomb disposal expert was recovering in hospital after being injured in a Dungannon

/Cannabis haul

Cannabis worth more than £5m. was retrieved from a ship in Rotterdam in a joint operation by Scotland Tard drug squad-officers and Durch police. Twelve people were helping police with inquiries.

Computer fixed

U.S. Defence Department said it had defected and fixed the European Currency Unit (ECU). itself computer failure responsible for a banker of European currencies. giving two false alarms last ACCOUNTING Standards week about Soviet missile ACCOUNTING attacks Page 2

Gandhi Cabinet

Indian Premier Indira Gandhi eppointed three new Cabinet ing problems. Back Page Ministers, including Mr. Vidya Shukla who as AUSTRALIA is challenging Information Minister was responsible for strict Press censorship during the 21 month emergency. Page 2

Appeal to rebels

France's Commissioner in the New Hebrides is to visit the island of Espiritu Santo today to try to persuade secessionist leader Jimmy Roberts to negotfate a peaceful end to his

Mugabe pledge Zimbabwe Premier Robert It could eventually use 350,000 Mugahe pledged a major purge by the army of dissident guerrillas still roaming the country-

Carson's treble

Jockey Willie Carson, who rode Grain potthe minners of the Derby and Page 4 the Oaks at Epsom last week, completed a great treble on ● C. T. BOWRING (Under Policeman in the French Derby at Chaptilly. Yorkshireman group has told its syndicate members that substantial man in Chantilly. Dominic reserves had to be created for

Wigan, Page 14 Briefly . . .

Five of more than 20 people CHARTERHOUSE Group, arrested in Guyana were that treason. Charged with treason.

Biern Borg of Sweden won the (£13m) takeover, expects to French Open tennis title for a announce a shipping service record fifth time, beating Vitas deal soon with a privately-Gerulaitis of the U.S. Tennis, owned U.S. company. Page 18

• CROWN AGENTS for Over-World motor mileage record of seas Government and Admini-2,699 miles to the gallon was stration cut its deficit on set in Sydney by a vehicle property and fringe banking powered by a 10cc model air-

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Industry: Rising tide of com- Northern Ireland 16 Europarliament 17 tan 14

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loans from £203.6m in 1978 to

£17.9m last year. Page 18

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Oil exporters not expected to agree on price structure

BY RICHARD JOHNS IN ALGIERS

Oil Ministers from the Organisation of Petroleum Exporting Countries are unlikely to agree on a unified and orderly system of oil prices at their conference beginning in Algiers today. Most members are resigned to continuation of the disparity in crude oil prices.

cently set prices of \$36-\$38 for premium crudes.

Yesterday Sheikh Zaki Yamani, Saudi Oil Minister, said that he would be surprised if there was an agreement on pricing. The most obvious area of compromise on which spectilation has centred, a basic reference price of \$32, would be "unacceptable" Saudi Arabia, he said.

Iraq is to take the initiative in proposing a \$32 price. Mr. Payen Andel-Karim, Minister of Oil, said that such a reference price for the mainstream light crudes of the Gulf would be a reasonable compromise" but that achieving it would necessarily involve an accord on limiting production.

Iraq was prepared to make the "sacrifice" of reducing her own output so that the average OPEC level would be "of benefit to all," he told reporters in what appeared an indirect preconference challenge to Saudi Iraq is producing 3.5m-3.7m

barrels a day and has capacity in hand, according to Mr. As always, however, Saudi

The price of Saudi Arabian to co-ordinate production. At members. But observers believe narker crude is \$28 a barrel, present she probably accounts such a development unlikely. marker crude is \$28 a barrel. present she probably accounts Iran is asking \$35-\$37, while for rather more than a third of North African producers retotal OPEC output. The critical question is

whether the Kingdom is willing to reduce the volume from its main producing fields from the 9.5m barrels-a-day maximum allowed since last July to the official" ceiling of 8.5m.

All the indications are that Saudi Arabia will continue at the upper level in the third quarter, and would reimpose the old limit only in return for other producers bringing down their prices.

After OPEC's extraordinary conference in Taif last month Yamani said that Sheikh of reunification of chances structure depended on other producers bringing down their rates to meet Saudi Arabia's "some-

Apart from that, Saudi Arabia has always refused to allow her soveteignty over output levels to be impaired in any way by

Last month Sheikh Yamani predicted "a collapse of prices by late autumn or next spring at the latest" because of the inelasticity of prices in response to lower demand during the but only with important "reser-"mini-glut" this year and con-vations" on the part of Iran, tinuing price increases by OPEC Algeria and Libya.

Any downward pressure on rates realised would depend on Saudi Arabia's maintaining her present maximum permissible output

In contrast to the optimism expressed by his Iraqi counter-part, Dr. Mana Otaiba, the United Arab Emirates Oil Minister, voiced grave doubts about order being restored to OPEC's price structure.

Even more significant were the remarks of Dr. Humberto Calderon Berti, Venezuelan Minister of Energy, on his arrival here. In a clear indication that Venezuela had renounced the struggle to unify prices, having tried strenuously last December at Caracas, he said that prices were not the main issue

Instead he put the emphasis on opening Western markets to products other than oil from the Third World generally, and OPEC members in particular.

Nevertheless, the majority do ant to see price reunification before the end of the year. A report on the subject by OPEC's Ministerial Committee on Long-Term Strategy was approved in principle at Taif last month,

EEC summit to study ways of recycling OPEC funds

BY JOHN WYLES IN BRUSSELS

POSSIBLE EEC moves to with oil-inspired balance-ofassist in recycling the huge payments difficulties.

financial surpluses being built Today's Ministerial meeting financial surpluses being built up by the OPEC oil producers

Further discussion will take place at the EEC heads of government summit starting in Venice on Thursday. With the row over Britain's

the first occasion in more than tion to other major issues. The focus at Venice is likely

to be heavily international. It preparation for the so-called North-South dialogue later in certainly be increased. the year and the related problem of recycling OPEC funds expected to be between \$100bn (£43m) and \$120bn this year - for the benefit of less developed countries (LDCs) therefore, to be ready to in- Continued Back Page

will have before it a confidential will be considered by the com- paper prepared by the EEC's munity's Finance Ministers monetary committee, which is when they meet in Luxembourg made up of representatives of the Nine's central banks and

The paper, which suggests some modest re-cycling initia- are structural rather than tives by the community, argues that the re-cycling task should be borne largely by the intercontributions to the EEC national financial markets and budget settled, this will offer the main international financial institutions—the International banks.

will include a controversial paper says, but there could be

last year. Financial markets and to LDCs. commercial banks are unlikely,

a year for the heads of govern- Monetary Fund, the World Bank direct aid to the LDCs. ment to give undivided atten- and the regional development There should be no re-cycling crisis this year and next, the

cause oil price levels will almost The debt burden of non-oil LDCs had leapt from \$75bn in 1973 to \$250bn at the end of

cyclical. The monetary committee Scotti believes the entire EEC will be date. committee in balance-of-payments deficit

world's growing oil deficit.

this year (\$30bn in oil payments alone), limiting its scope for But the community could be

relaxing its credit conditions for

LDC's whose economic problems

more generous when renegotiating its financial protocols with LDCs, says the paper. It also suggests tapping OPEC funds declaration on the Middle East, a sharp deterioration later be- directly through EEC loan institutions such as the European Investment Bank, as well as triangular arrangements whereby the community borrows from OPEC countries for lending on

The paper is only the first

Banks set to grant home loans

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

expeted to announce plans to the next month or so. likely to launch new savings with those available from the their schemes. Other building societies. learing banks may follow.

BRITAIN'S TWO largest com- end of the mortgage market, surge in personal bank lending, mercial banks, Barclays and The NatWest scheme will be In view of this, both Barclays National Westminster, are simed at higher income earners, and NatWest are expected to enter the home loans market in and NatWest have made it clear portance of the moves. they want to introduce mortgage At least one of the banks is lending. They have waited until yesterday his bank was "all the abolition of the corset conaccounts to provide a range of trols of bank activities, which savings instruments comparable disappear this month, to launch Even now, their initial ven-

In the past year both Barclays play down the immediate imgeared up and ready to go' with a mortgage scheme. It would be run through a sub-

sidiary. Other major banks, including tures into mortgages will be Midland and Lloyds, have Initially most of the clearers restricted because of official con- entered the home loans market seem to be interested in the top cern that there must not be a in a small way,

Barre likely to stay in office

BY TERRY DODSWORTH IN PARIS

the weekend.

The letter sets out the the President. Government programme for But it is also felt that the ties in his letter, stressing that the next six months. But it also Government can no longer the Prime Minister has carried underlines that the President afford a violent switch to out the Government's policies would like the measures to be overtly electioneering expan- "with resolution," in spite of carried out "under the auth- sionary economic policies of the the difficult circumstances

Raymond Barre, the architect is safe for some time to come, justify politically after the of France's economic austerity strong pre-Christmas rumours was the only answer to France's In the last few months the repeated claims that austerity programme, will remain as that M. Barre would be replaced problems, and is becoming more head of the Government up to have died down. There are and more difficult to engineer the presidential elections next several reasons for this change, as imported oil imposes extra spring was given in a letter including the evident recovery burdens on the economy. sent to the Prime Minister by in M. Barre's health after his President Giscard d'Estaing at the lack of an obvious successor to continue the austerity pro-

ority" of M.: Barre, a phrase type which M. Barre has caused by the increase in oil which is being interpreted to repeatedly condemned. Such a prices.

A STRONG HINT that M. mean that the Prime Minister move would be difficult to

Given these restrictions, M. who would get on as well with gramme. The President obliquely recognises these quali-

bid for **Ferranti** stake

SCOTTISH FINANCIAL insti tutions are considering forming a consortium to bid for the 50. per cent stake in Ferranti, which is to be offered for sale skortly.

They are being encouraged by the Scottish Office, which is deeply concerned about the effect on the Scottish economy of a takeover of the company by one of the large UK electrical groups such as GEC or Recal, which are both potential

bidders Scottish Ministers and officials have been lobbying strongly in London against selling the shares to a single owner, an which the company

itself also strongly opposes. They believe that a takeover by another electronics company inevitably rationalisation and the loss of jobs in Scotland.

Ferranti has 10 factories specialising in advanced defence and space electronics in Scotland and is building two more. They are highly profitable, contributing £6m, about 60 per cent of the company's pre-tax earnings in 1978-79.

Their contribution to the Scottish regional economy is considerable, both in the direct employment of 7,300 people, including 1,500 at higher certificate or degree level, and in the other activities and ideas they generate.

Ferranti is one of the few electronics companies in Scotland with a large commitment to research and development. A number of Scottish finan-

cial houses have signalled interest. They are confident that if they do decide to bid they could raise the necessary

They would prefer to buy into the Ferranti Scottish group, which is virtually autonomous, rather than into the company as a whole. But it appears that legal and other problems would make a separate bid difficult to crease greatly their exposures arrange within the time-limit to help pay for the developing set for the sale.

The Government is anxious But the paper says the IMF have the sale completed the World Bank have quickly and the NEB has said sufficient resources to help ease it would like to offer its shares the position. Among other things, the IMF should consider by the end of the month.

The alternative being considered in Scotland is to bid for the entire NEB share, with a view to disposing of the non-Scottish interests at some later

Scots may Williams may quit party over EEC

BY ELINOR GOODMAN, LOBBY STAFF

and one of Labour's biggest electoral assets, yesterday gave her most explicit warning that she would be unable to stay in the party if it committed itself

to pulling out of Europe. It came among further indications that the question of Britain's continued membership of the Common Market threatened to split the party more profoundly than the skirmishing over constitutional issues since the General

Election. This was despite a public attempt by Mr. Peter Shore, Shadow Poreign Secretary, to belief of some Left-wing members of the party's Executive that it would be better to avoid a head-on clash over Europe at this stage and merely edge the party closer to a policy of with-

drawal. Interviewed on Radio 4, Mrs. Williams, who lost her seat at the last General Election, said party committed to getting out

SHIRLEY WILLIAMS, of Europe "without even former Labour Cabinet Minister attempting in a really serious way a major reform.

She repeated, however, that any new centre party which Mr. she had no intention of joining Roy Jenkins, former Labour Minister and now President of the EEC, might try to launch.

Mr. Jenkins is expected to use a long-standing speaking engagement in Westminster today to repeat his attack on the twoparty system and to prepare the ground for a new party which could provide a refuge for Labour MPs who split with the

party over Europe. But yesterday Mrs. Williams ---whose membership would be cool the issue, and private of crucial importance to any centre party-was dismissive about its prospects. party, she said, "would have no roots, no principles, no philosophy and no values."

Mrs. Williams was one of three Labour pro-Marketeers to put out a statement at the weekend warning of the dangers for Labour of committing itself to she could not herself stay in a withdrawal from Europe. But

Continued on Back Page

MPs pay row likely

developing in Cabinet over the question of MPs' pay.

The point at issue is whether the Government will honour its . pay demands. promise to keep MPs' earnings in line with the general rise in earnings, or whether mem-bers should once again be asked to exercise restraint in the interests of the Government's wider auti-inflation policy.

MPs are due to get a flat risc of £1,275 this week, taking their salaries up to £10,725, as part of a stage deal agreed last year. There seems little doubt that they will get this increase, as it would require a vote in the Commons to prevent it.

But it is less clear when the promise to implement the recommendations of Lord Boyle's Top Salaries Review Board. The Board is to recommend how much more MPs need, on top of the £1,275, to ensure their earnings do not fall behind other professions as a result of the Government's decision last year to stage the

AN ARGUMENT seems to be which would mean MPs would get an increase of over 30 per cent, while other workers were being asked to moderate their

> The TSRB has not yet sent its report on MPs' pay to the Prime Minister, but the scene is already set for an argument among Ministers. Some feel it would be impossible to go back on the Government's promise to index MPs' pay. Others feel equally strongly that it would do great damage to the Government's anti-inflation policy if MP: were given an increase of ove 30 per cent just at the beginning of the next pay round.

Some Ministers are arguing frontation with Parliament if it meant that MPs-and not the Government-were seen to be approving the increase.

£ in New York

June 6

by the Board. 1 month. 1.53-1.47 die 1.50,1.45 die 1.50,1.

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Brandt warns Social Democrats

BY JONATHAN CARR IN BONN

A WARNING to West Ger- fore they would need to con- support for the alliance. many's ruling Social Democrats tinue their decade-old alliance. But the SPD will a not to sit back and consider the with the liberal Free Demo-October general election as good crats. as won has been issued by the party chairman, Herr Willy Brandt

In an address on the eve of the Party's national congress starting in Essen today, Herr Brandt stressed that nothing could be more dangerous than to in its popular Chancellor, Herr assume that the Opposition's Helmut Schmidt, and that the candidate for Chancellor, Herr CDU-CSU seems at present to Franz Josef Strauss, was already be heading for defeat. virtually defeated.

Herr Brandt and other SPD leaders made clear that they did not feel it likely that their own party would win an absolute its own congress with an over- Schmidt is expected to make majority in the election. There whelming demonstration of some tough comments on the longer in its present form.

Official

flying to

rebel isle

to the separatist rebellion led

The rebellion is over de-

France next mouth. So far it

1,500 people, including about

100 British and Commonwealth

It has also pitted the British and French administrations

against each other and led to

emergency meetings in Paris

and London. The two countries

have jointly ruled the New

M. Jean-Jacques Robert, the

yesterday planning to fly to the

rebel island in an aircraft sent

from the French territory of

New Caledonia, Freuch officials

said. He was travelling on the

orders of the French Minister

Commissioner,

Hebrides for 74 years.

Paul Dijoud.

from the

New

by Mr. Jimmy Stevens.

At the last general election in 1976, the SPD polled 42:6 per cent of the vote, the FDP 7.9 per cent and the opposition CDU-CSU 48.6 per cent. Opinion polls have indicated recently that the SPD has a major bonus

During its two-day congress the SPD is bound to vote in support of continuing coalition with the FDP, which has just ended

But the SPD will also be aware of current East-West tension, of signs that an economic downturn is likely in the second half of this year and that the opposition will be exploiting every difficulty between now and

the autumn.

Under the motto "Security for Germany" the congress will begin with a keynote speech by Herr Schmidt who is expected to dwell on foreign policy issues in particular. Besides underlining Bonn's attitude on the Itan and Afghanistan issues and the need for his vitit to Moscow in three weeks time, Herr

current state of the European Community. In advance of his speech leading members of the SPD have strongly urged reform of the Common Agricultural Policy and have indirectly criticised the speech last week by the President Valery Giscard

enlargement. Herr Bruno Friedrich, an SPD foreign policy expert, linked France's scepticism on enlargement with its unwilling ness to reform the CAP. He said the French attitude raised the question of whether the EEC could continue much

d'Estaing of France, in which

he called for a pause in EEC

Spain moves to revive car sales

BY OUR MADRID CORRESPONDENT

THE SPANISH Government has increased credit facilities for buyers in a weekend move aimed at reviving the domestic objections from his British counterpart, the French resi-dent commissioner in the New car sector. The Cabinet also announced a second increase in Hebrides condominium plans to fuel prices this year. fly here today to seek a solution

The tax on small cars was brought down from 26 per cent of the cost price to 23.4 per cent. Manufacturers, faced with a sales drop estimated at 20 per mands that Espiritu Santo be cent this year, had asked for a Hebrides when it gains inde-pendence from Britain and 10 per cent cut.

The reduction, introduced by the Cabinet after a meeting on 19 per cent. has led to the evacuation of Friday, will be in effect until the end of the year.

The Government, however, slightly lowered the luxury tax agreed to manufacturers' pro-on small cars and considerably posals on credit facilities which are regulated by the Industry Ministry. The mandatory 25 per cent down-payment was cut to per cent and credit was extended to three years from two years.

Petrol increases, the first since January, were about 7.5 per cent with 96-octane petrol, the most popular brand, being raised to £1.69 a gallon. Diesel oil was increased by between 15 and 21 per cent, heating oil by 22.9 per cent and kerosene by

The Government said the ing increases were brought on by spots.

increased import bill coupled with the fall in the value of the peseta on the international market. Accorddirect inflationary effects of the increases were calculated to be about 0.4 per cent. Reuter reports from Bonn

West Germany's first voluntary car-free Sunday proved a failure yesterday despite weeks of campaigning by the interior minister, Herr Gerhart Baum, With some regional exceptions police reported the usual traffic flow for a sunny Sunday, with thousands of family cars heading for favourite excursion

Gloomy forecast for Sweden

BY TERRY DODSWORTH IN PARIS

FURTHER DETERIORATION A more serious challenge to in Sweden's balance of payments growth, according to the OECD, FURTHER DETERIORATION deficit and a rise in consumer prices of at least 12 per cent this year, are forecast in the latest review of the country's half a per cent in 1980. This is economy by the Organisation for Economic Co-operation and Development.

for Overseas Territories. M. The report, written before the recent Swedish wage agreement, makes it clear that a high settle-In London it was reported the British Defence ment would tend to exacerbate Ministry had despatched three inflation and worsen Sweden's more military advisers to the international competitiveness. New Hebrides to assess the But it says that growth in gross situation. Two British military domestic product, predicted at on oil price increases. around 3 per cent against 3.8 per cent last year, should not experts are already there and be affected seriously.

is the rise in oil prices. Even a further 10 per cent increase could cut GDP expansion by dependent on oil for its energy and partly because of the to \$4.5bn in 1980. country's reliance on export. The OECD make markets which may also be hit

by higher energy costs. The main blame for the deterioration in the current account, which was back in balance in 1978, is also placed During 1979, says the OECD, unemployment remained low and competitiveness was main-

tained because of modest wage increases and a recovery in productivity. But the sharp rise current account, pushing up the half a per cent in 1980. This is deficit by \$2.5bn (£1.07bn) last partly because Sweden is so year and leading to expectations of a further deterioration

The OECD makes three main recommendations: rapid expansion industrial capacity should be encouraged; competitiveness should be maintained through improvements in productivity; and the growth in overseas pay-ments should be reduced by additional energy conservation measures and development of domestic energy.

Computer failures now fixed, says U.S.

By David Buchan in Washington

THE U.S. Defence Department says it has detected and fixed the computer failures that twice last week sent out false signals that the U.S. was under attack by Soviet nuclear missiles.

The alarms, on Tuesday and Friday, automatically led the Strategic Air Command, hased at Omaha, Nebraska, to start the engines of extra nuclear armed B-52 bombers. Some B-52s are always kept aloft in case of a surprise

attack. Embarrassed Department officials have explained that the computer that failed on Tuesday was deliberately left on-line and monitored so that when it malfunctioned on Friday the technical fault was detected. For the B-52's to fly beyond

certain limit towards the Soviet Union or for U.S. missiles to be lannehed requires a presidential order nd is not automatic. Nonethe Soviet theless angrily that the computer failures which had the effect of putting the B-52s on alert for several minutes held the "on the brink of nuclear war."

Last November, a different problem led to a nuclear alse alert. A test tape stimulating an attack was fed into the North American Air Defence (NORAD) computer. wrong it was sent on to other military commands

in London, Labour MPs will demand an emergency Commons debate today on the computer errors which, they say, put mankind "on the brink of nuclear extinction." If the Speaker refuses an emergency debate the MPs say they will barrage Ministers with questions.

Islamic team spurned

MOSCOW-The Soviet Communist Party newspaper Pravda, yesterday issued a clear signal that the Kremlin would have nothing to do with a three-man committee appointed by the Islamic Conference to seek a solution to the Afghan crisis. It described the committee as

Sarkis to start talks on new Cabinet for Lebanon

BY ISHAN HIJAZI IN BEIRUT

PRESIDENT Elias Sarkis of wave of violence and factional mand, said in an interview that ebanon will today begin con- unrest. sultations on the formation of a new Government following the resignation on Saturday of the Prime Minister, Mr. Selim al-Hoss. Dr. Hoss left it to Mr. tion of a new Government is Sarkis to decide when to accept

to allow room for the formation of a Government that could restore national unity. However, the resignation has worsened political situation and caused profound anxiety in a Popular Front for the Libera sible to bring to fastice the country burdened by a new

the resignation. He said he was stepping aside

commanders to join the Government to help him deal with the had been provided by Libya. security situation. But forma-

expected to prove difficult. In another development, a day attacked a Security Com-Palestinian guerrilla leader said resolution which last week held yesterday the guerrillas now Israel responsible for assass possessed long-range missiles nation attempts against three capable of hitting the Israeli heartland. Captain Ahmed Jebril, general secretary of the Israel would do everything nos-

guerrillas had completed train President Sarkis is believed ing on Soviet and Brazilian to want Moslem and militia made rockets with a range of more than 20 miles. The m

L. Daniel reports from Jeres, salem: Mr. Menahem Begin Istael's Prints Minister, yeste West Bank mayors.

Mr. Begin reaffirmed that tion of Palestine's general com- perpetrators of the attacks

Iranian Left splits over Kurds

BY ANDREW WHITLEY IN TEHRAN

in the ranks of Iran's leading Marxist organisation, Fedayin-e-Khakq, with the the majority faction backing the more conservative line taken by attacked the authors of an the pro-Moscow Tudeh party.

The split opens the possibility of a realignment of the solintered forces of the Iranian Left, which is divided over two major issues: the Kurdish fighting, and whether or not to back Palestinian groups. Ayatollah Khomeini and President Abol Hassan Bani-Sadr.

several months, comes in the latest issue of the Fedayin's minority faction, favouring a revolutionary more. earlier editorial opposed to autonomy for the Kurds. The Fedayin, who were active

The origins of the latest breach date back to the fighting

Fedayin leadership reached weekly magazine Kar. In it the Bani-Sadr, bitterly disappointing those who wanted to contin resisting the attacks of the right wing "Party of God."

Meanwhile, the political in-fighting between the President and his Fundamentalist rivels against the Shah's regime led by Ayatollah Mohammad throughout the 1970s have Beheshti has reached a new close links with radical level of intensity. In the run in level of intensity. In the run un to this week's likely decision on the appointment of a Prime Minister, each side has used Confirmation of the break, on university campuses in the every opportunity to criticise which has been brewing for third week of April when the the other.

Mrs. Gandhi adds new ministers to Cabinet

BY K. K. SHARMA IN NEW DELHI

MRS. Indira Gandhi, India's has been given the Planning Prime Minister, yesterday strengthened her Cabinet when she added 15 Ministers to her Government.

Among the three new Among the three new They key portfolio of Ministers of Cabinet rank is Defence, Steel and Industry Mr. Vidya Charan Shukla who was accused, and acquitted, with Mr. Sanjay Gandhi, the Prime Minister's son, in a conspiracy and theft case brought against them-by the previous Janata Government. Mr. Shukla has been given

the relatively unimportant post of Minister of Civil Supplies. Cabinet other Ministers are Mr. Narain ^patt eight states where he Congress Tiewari, a former Chief Party won in the recent elec-Minister of Uttar Pradesh, who tions.

portfolio, and Mr. Kedar Nath Pande, a former Chief Minister of Bihar, who becomes Minister of Irrigation.

portfolio of remain without Cabinet Ministers. Mrs. Gandhi has been criticised for not filling the posts, and with several Permanent Secretaries in charge of various key ministries having just changed, an impression has been created of a vacuum in the adminstration.

Mrs. Gandhi has, however found Chief Ministers for the eight states where he Congress

Ferry doubts after capsize

By William Hall.

DOUBTS ABOUT the stability of roll-on/roll-off ferries are likely to follow the loss of the Swedish ship, Zenobia off Cypres on Saturday.

The 10,000 dwt vessel was the first of a new generation of ferries built by Kockums of Sweden and carried vehicles from Yugoslavia to Syria fer United Middle East Ferries.

The ship was taken to Cyprus to be purpoed out last week after listing seriously. Early on Saturday she capsized and sank with a load of 120 trailers.

The loss followed an earlier incident of serious listings in February which was blamed on negligent cargo lashing.

WORLD TRADE NEWS

Turkish oil deal with Iran Shipping REPORT BRITAIN'S EXPORT CHALLENGE

BY ANDREW WHITLEY IN TEHRAN

oil to approximately 3m tonnes, an average of over 61,000 barrels a day this year, making it Iran's fourth largest oil customer.

To facilitate payments for the goods, including beef, sheep. According to Pars, two technil. — 1.1m tonnes above the meat. milk, fertilisers, medical agreements were signed yestesent level. — Turkish exports cines, tractors and locomotives. terday between the Iranian oil — 1.1m tonnes above the present level — Turkish exports of foodstuffs and industrial goods to its eastern neighbour are to be substantially in-

The official Pars News Agency were anxious to stress that a for-said yesterday agreement had mal trade agreement has not been reached on the purchase of wheat, barley, corn, peas, flour, involved or say when deliveries economic sanctions against secured.

BY KEVIN DONE IN FRANKFURT

per cent this year, according region are expected to increase to the West German Near and by some 25 per cent and there

Herr Hans-Otto Thierbach, rise in 1981.

greatly under-estimated, and West German trade with the

area could increase by some 25

chairman of the association, said

that West German foreign trade

with the oil countries had been

Middle East Association.

Discussions are still con-

Turkey of a wide range of other ing an adversary of Tehran. Despite the appreciable increase in bilateral trade which

will result from the latest negotiations Turkish sources were anxious to stress that a forbeen signed.

Turkey is known to have come

EXPORT opportunities to the West Germany's exports to imports of major high-value Near and Middle East are being those countries—excluding Iran capital plant and of industrial

West German exports to the

could be a further 30 per cent

Last year West German

exports to the Near and Middle

East-excluding Iran-totalled

some DM 13.7bn (£3.3bn). The

This announcement appears as a matter of record only.

import policies. Nevertheless, ability of this area to absorb largest bank.

—did manage an 8 per cent goods had many times been increase in 1979. This year underestimated.

TURKEY HAS agreed to would commence. Iran is suffer. Iran, but is resisting on the increase its purchases of Iranian ing a shortage of milk and grounds that it can provide a channel of friendly communication to the Iranian authorities tinuing on the provision by if it is not forced into becom-

> terday between the Iranian Government and the head of a visiting Turkish delegation. These related to transit and payment arrangements for the goods involved.

.Both sides are keen for greater use to be made of Turkey's railway system once a dried milk and cement, but did under pressure from the U.S. section of the line threatened not give details of the amounts to participate in the West's by Iranian Kurdish rebels is

The six OPEC countries of

the Near and Middle East would

receive incremental revenues of

some \$75bn this year, and

would not ignore opportunities

to expand their economies, said

Herr Thierbach, a member of the executive board of the

Deutsche Bank, West Germany's

Shipowners urge caution on building

By Our Shipping Correspondent

MANY OF the world's leading shipowners appeared to be in a much more confident mood as they darted between the endless cocktail parties at last week's Posidonia international shipping exhibition in Greece.

However, their confidence was tinged with worries that the recent upturn in freight rates was already leading to another sharp jump in new ship orders W. Germans boost Mideast trade which could easily prejudice the recovery in the dry cargo

> Addressing the traditional uestion-and-answer forum at the end of the exhibition, Sir Yue-Kong Pao, the world's largest private shipowner, warned that the recent surge in new shipbuilding contracts "might negate" the revival in the medium sized tanker market.

Mr. Christopher Salen, chair-man of Sweden's Salen ship ping group, appeared to be even more pessimistic about the impact of the recent trend in new orders. Mr. Salen noted that the combination of an upturn in demand, port congestion and a sharp drop in orders has led to a good recovery from the shipping recession of three

However, the improvement in freight rates led to a doubling in the size of the bulk carrier orderbook last year and Mr. Salen warned that "this could well indicate that we are back in dangerous times again."

He singled out the dangers of over zealous ordering of new coal bulk carriers, in particular. Many suspected the accuracy of a recent study by a major of company, which indicated that an additional 1,000 large bulk coal carriers would be needed in the 1980s.

Mr. Salen emphasised that while the short term markets relatively profitable, longer term prospects were not.

The implication is that char-terers believe future freight rates would fail. Mr. Salen said that despite these inauspicious signs owners are ordering more tonnage and bankers "that one thought had sworn to learn from the experience in the past few years" are once again very keen to lend money.

The fight to keep foreign markets

MANY COMPANIES in the kets are still holding up, profits overnight, but when companies become extremely difficult, such West Midlands, where one there are being severely abroad are considering buying as in developing countries of Britain's manufac- squeeze tured exports are made, are now resigned to a damaging Brockhouse and of the CBI West rate in the UK before commit-period of small margins or Midlands region, said: "In ting themselves" he said. losses on overseas sales in the volume - sensitive face of worsening market con-

ditions. perately trying to maintain or increase their level of exports to offset weakening home demand, but with varying suc-

Most major companies take the view that they must retain hard-won market shares abroad, even if they forgo profits in doing so, to maintain output, protect jobs and be ready for improved trading conditions. However, the reality of falling demand has been reflected recently in thousands of redun-

the Confederation of British Industry (CBI) reports a heavy Industry (CBI) reports a heavy Mr. Walter Waller, group fall in export orders in May, marketing director of Lucas, following a smaller decline which attributes its 3,000 plant following a smaller decline between March and April. Unlike the recessionary period in 1975-76, companies are unable to turn to strong Middle East markets, which are now generally unsteady, with some partial exceptions such as Saudi Arabia. While European mar-

industries money goes down the drain very rapidly when you fall below although its direct exports are Although hampered by inflation, high interest rates and sterling strength, volume-sensitive industries are desexports, but not volume." However he believes that

companies must not reduce their export efforts, since a change in conditions, such as a fall in the value of sterling, could alter the situation rapidly and restore profitability. According to the CBI, most engineering based industries in the area, such as manufacturers of motor components, forgings and castings, are suffering from

special products are selling better. Aerospace equipment, The West Midlands region of notably manufactured by Lucas, remains in strong demand. believed future exports

export problems, while some

redundancies partly to falling demand, said he British companies depended to a large extent on the view buyers take of the British inflation rate.

don't lose

components for a new model, Mr. Reg Parkes, chairman of they take a view of the inflation ting themselves" he said.

The present problem for

Electrical is that, division, which has also suffered growing, that rate of growth is not fast enough to take up the slack in the stagnant British market.

BL, which last year exported more than 22,000 cars excluding the North American market, is also having its margins eroded and is facing difficulties in the U.S. But it hopes to offset this with bigger Land Rover and Range Rover exports as it increases their production.

If the problems for some time; mainly as a result of its great dependence upon the North American market and the dollar-sterling ratio.

panies are aware of the dangers of pulling out of markets only to find they cannot regain them paying off, helped by the fact later, but some smaller that its high quality preducts exporters may have little option if conditions worsen. Tube Investments, for The earthenware sector of the example, said that although it industry, which accounted for

pany said.

where local producers have advantages. It is a matter of trying to retain the right balance," the company adds: The company's steel tubes

in the UK as a result of the

steel strike, has seen its level of exports fall by a quarter in

the first few months of this year with markets continuing to deteriorate. The Midlands ceramic industry, centred in Stoke on Trent, has experienced severe problems for some time mainly

According to the Society of Mr. John Bellak, managing Motor Manufacturers and director of Royal Doubton Table Traders, motor component company's heavy investment in its U.S. marketing operation is now paying off, helped by the fact that its high quality preducts

others.

would not give up markets nearly £75m of total exports easily, there were limits to its worth £182m last year, has sufendurance in some. "We don't fered more severely in the US, pursue a policy of exporting and Josiah Wedgwood is now successfully operating in new markets such as Japan in an My said.

"We may choose to take a effort to increase volume and lesser interest when conditions profitability.

Jakarta investment call

service centre" aimed at speeddures which, until recently, doubled, he added. often took as long as two years.
Mr. Ismail Saleh, acting vestment Co-ordinating Board, told a London seminar on Indonesia-UK business that, although there was still room national oil company. for improvement, his agency

initial investment applications raised expectations of a rise within two or three months. strong trade mission to visit capita income was expected to Paris and London last week to rise 24 per cent at the same drum up interest in Indonesia's time. move towards a stronger per-

traditional non-oil exports had \$33.3m in 1978.

INDONESIA, in an attempt to risen by 61 per cent in the year encourage more foreign invest- following devaluation and ment, has set up a "one stop manufactured goods were 20 per cent more competitive. ing investment approval proce- Foreign currency reserves had

Dr. Squaroin said Indonesia's credit rating with the interchairman of the Indonesia In- national financial community was higher now than before the boom years preceding the 1975 collapse of Pertamina, the

Development since the start could now evaluate and approve of the 1979-84 five-year plan had within two or three months. in real growth rate from 6.5 per Mr. Saleh was one of a 100-cent to 7.5 per cent a year. Per

Britain's exports to Indonesia formance in its non-oil output last year were £76.7m against and exports. £83.6m the year before. Dr. J. B. Squaroin, Minister Indonesia's exports to the UK for Administrative Reform, said were £55.9m compared with

China seeks Swiss help

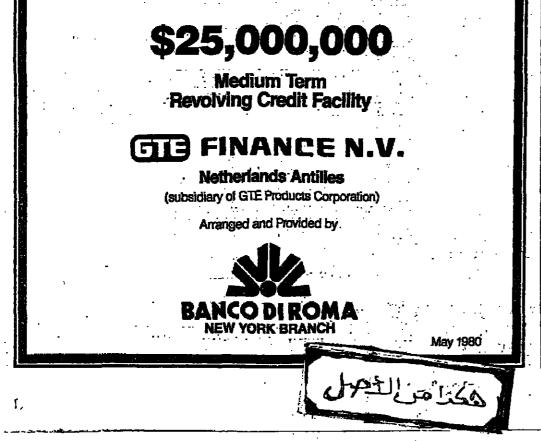
CHINA HAS asked Switzerland SwFr 90m (£28m) hetween for help to develop its chemical 1976 and 1979. Chinese imports products, machine and precision from Switzerland rose from tools and watchmaking in SwFr 130m in 1976 to dustries. SwFr 197m in 1979.

The appeal was made by a Swiss imports from China-Chinese trade delegation led by were worth Swir 39m daring. Mr. An Dong, a Foreign Trade this year's first four months, a Ministry official, at the fourth 44 per cent increase compared session of talks here of a with the same period last year. Chinese-Swiss joint economic Chinese imports from Switzen-commission After the talks end land were SwFr 65m this year. on June 11 the Chinese will an increase of 16 per cent over visit various Swiss companies, the first four months of last Although Swiss trade with year. Although Swiss trace with year.

China is small Switzerland is Exports by the Swiss paper keenly interested in winning industry rose by 33 per cent contracts to build factories in last year to a new record China or to modernise old ones, volume of 235,000 tonnes of the contracts of the contracts of the contract of th The Swiss are not as wide paper and cardboard. John

eyed about investment opportunities in China as the Americans or the French, but Financial. Times, published daily are keen to promote exports of except Sundays and history. U.S. manufactured goods

The annual value of Swiss Sacond Class oursage page of New York, N.Y. ord at additional matting imports from China stood at centres.



Council overspending curbs face snags

THE GOVERNMENT'S controversial plans to penalise local include a list of uniform rates. likely which ever is used to councils for overspending run into serious trouble today with the use of the uniform rate as publication of statistics showing a comparative measure of overdefects in the way overspending

The Chartered Institute of Public Finance and Account-ancy analysis of financial. general and rating statistics for 1980-81 is based on returns from every local authority in England and Wales

Mr. Michael Heseltine, the Environment Secretary, has repeatedly said a maximum 20 councils could be penalised this

year for overspending.
But the Environment Department's only calculation of over-spending is based on adjusting each authority's rate to compare with the Government's notional uniform rate of 119p in the

This is the amount each the Government yardstick. after allowing for Government grants, to cover: exactly its a slightly different way, says spending needs as assessed by neither authority is within the Complicated formulae are

authority's uniform rate and to standard source, and confirm a aliminate factors creating imbalances between authorities, particularly when London is compared with the rest of the

BY ELAINE WILLIAMS

future of drug research in the

UK, says Mr. Alex Smith, chair-

man of Upjohn, the U.S. pharmaceutical company.

Mr. Smith, who will address

the Interphex conference in

Brighton, says that as much as

97 per cent of drug research is

wasted because of delays before

clinical testing can begin. The

time and work necessary before

testing is, on average, four times that needed in Germany,

Holland, Sweden and the U.S.

medicines out of the country."

he claims, bringing higher risks to innovative industry.

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Future of drug research

'endangered by red tape'

TIME-WASTING pharmaceutical medicine reaches the market regulations are endangering the for every 10,000 compounds

Such delays are "driving Industry Association said last clinical work on potential new month that if the British indus-

and its use.

This year's institute statistics odds with each other, a row is "But we must advise against spending because of defects in its definition." Mr. Noel Hepworth, its director, said.

Non-metrolopitan districts which do not receive the "resources" element of rate Support grant are particularly affected. The resources element is money paid to authorities which cannot raise enough money through the rates system to reach a defined level.

Mr. Henworth said Slough and Spelthorne, Surrey, did not receive this part of the Government grant. This combined with other factors, had pushed both into the top 20 of apparent overspenders, all of which are more than 30 per cent above

-first-40 or so. The institute statistics have used to calculate each always been regarded as a

> As the two lists, from the same basic formula, are now at

for every 10,000 compounds

invented, and each new product

can cost-£50m in research' and

profitable contributors to the

UK economy. In the first three

months of the year Britain's

pharmaceutical exports rose 25

per cent over the previous year,

to £184m.
The British Pharmaceutical

try managed to sustain its

export performance its total trade surplus would be about

the Financial Times last

decide whom to penalise.

There is a growing feeling in, and outside, the Environment Denartment, that the best course might be to abandon penalties this year and rely on the more sophisticated procedure for withdrawing grant from overspenders under the new block grant scheme from next .vear.

The figures show that despite financial pressures some authorities substantially increased their balances in the 1980-81 rate calculation. Islington is increasing its balances by £3.35m, or £20 a head of popu-

lation, largest per capita increase in the country. Preston, Lancs., reduced its balances by £33 per head to keep its rate down. But the Tories lost control to Labour

in the May council elections. The most expensive average domestic rate bill in England and Wales is in the London Borough of Camden at £404.17. The cheapest is Rhondda, at

London is the most expensive region at £262.12, followed by the rest of the South-East at in Inner London has increased by £75 and the national average

Boots will convert its main production plant to coal firing

BY MARTIN DICKSON, ENERGY CORRESPONDENT

boiler firing to coal at its waste products. Beeston headquarters near Notcoal a year.

British companies yet to return to cool for its process steam and electrical requirements.

and oil is a standby. Conversion back to coal is for the next few years.

The first stage will be to build only 13 per cent of the total 50,000 tonnes of coal a year. to push its share up to 30 per Ultimately the plant might use cent or more over the next 10 about 100 tonnes of local coal to 15 years.

wants the new plant to be replacement of boilers as long capable of conversion to new as possible.

BOOTS, the pharmaceutical and fluidised bed technology, which retail chemists group, has would enable the company to decided to switch from gas oil economise by burning its own

The NCB hopes that the move tingham, which might ulti- will set an example other commately use 350,000 tonnes of panies will follow. It expects industry to swing back strongly The move is regarded by the to coal firing over the next 10 National Coal Board as im- to 15 years as oil prices rise. portant not only for the quan- But it argues that unless comtity of coal involved but because panies start converting soon, congestion might develop in boiler supply.

At the same time, the NCB needs more industrial customers The Beeston plant is the com- to take its rising output. With pany's main manufacturing site, a slump in demand for coking making pharmaceuticals and coal and only slow growth likely chemicals. It converted from in the electricity supply induscoal to oil and gas firing in 1969, try, the NCB is looking Gas provides its main energy, anxiously at industry as a key growth market to tide it over

economy and security of supply. It sells 11m tonnes of indus-The change will be gradual, trial coal a year, representing a new boiler capable of burning industrial fuel market. It wants

However, it fears that the Although Boots has yet to present recession is making name a boiler manufacturer, it many industrialists put off

Spillers signs rail deal for transport of pet food

SPILLERS FOODS, which will tion depot at Wisbech, near it part of the new Dalgety other pet food factory. Spillers foods division on July 1, has switched almost a quarter

The company is sending 1.800 tonnes of canned pet food a week from a rail depot in Paisley—five miles from its Glasgow factory—to a distribu-

The arrangement, worth £1m a year to British Rail in a fiveof its pet food distribution from year contract, has been brought about by a four-year reorganisation of Spillers Foods' distribu-tion which has reduced its depots from 24 serving 18 manufacturing sites to 12 serv-

Ten years ago Spillers Foods, like many other companies, sent many goods by rail but it has since joined the general trend towards lorries. The present reversal occurred the creation of a centralised canned pet food stockholding depot at Wisbech made rail economic for bulk transport from the Glasgow

Spillers reckons this is 9-10 per cent cheaper than lorries, llowing for the cost of handling the goods at each end.

The company - which also biscuits and meal, domestic canned foods and prepacked flour — still relies heavily on road haulage.

£500m too much tax' BY LISA WOOD

Lorries

'paying

LORRIES IN the UK are pay-ing £500m more than their fair share of road costs in 1980-81, the Freight Transport Association claimed today. This overpayment is a tax

on industry's efficiency and competitiveness, says the Association, which represents the transport interests of 16,000 members from trade and industry. While agreeing that all

classes of vehicles should pay proper road costs, the Association challenges the Department of Transport's calculations on two counts: first, that the total expenditure figure regularly overstated and second, that its allocation is against the goods vehicle.

The FTA says it bases its method of allocating costs on actual expenditure while the Department's method based on a mixture of historical expenditure, pre-dicted expenditure and inflation rates." These figures are used to produce a three-year average expenditure.

The FTA says that, using the Department's method of estimating expenditure, the total attributable for roads in 1980-81 is £2.5bn. However, it says the actual budgeted figure for 1980-81 is only £2.54bn.

Midland Bank International

leads £35m loan

By Michael Donne,

MIDLAND BANK International is leading several international banks in providing loans totalling \$81m (£35.2m) to Indian Airlines, the domestic carrier. The loans are for purchase of six Boeing 737 shortrange jets and two Airbus A-300

The loan for the Boeing jets is being lead-managed by Midland Bank International and the State Bank of India, with support from others including Chase Manhattan, Credit Lyonnais, National Com-Dominion Bank and UBAF

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Brokers divided

over MLR cut

desirability of an early cut in noon. Minimum Lending Rate, though Bro most expect a small reduction by the end of summer at the Capel-Cure Myers, brokers,

said that "if it is accepted that sterling M3 is only an imperfect approximation of money in economic theory, and that other imperfect indicators (such as vionsly banklending) should be watched, then the case for an early fall in MLR weakens sub-

The firm attaches a "low probability" to a fall in MLR by the end of June but a "very high probility" by end of Sep-

Similarly, Rowe and Pitman, brokers, said that "concern about bank lending, together with uncertainties regarding the effect on money supply of the ending of the corset, may inhibit an early reduction in MT.R.

However, we feel that recent developments in the domestic real economy will have served to improve the prospects of a significant decline in interest rates during the second half of this year.

Decline

In contrast, Buckmaster and Moore, brokers, criticise the Government for an excessively tight monetary policy. The firm said that "watching an in-dividual component of monetary growth, bank lending, and not easing monetary policy until that has turned, is totally unnecessary to control inflation —but will produce a severe sector is expected to fall on companies." Consequently, the authorities

mid-May banking figures, due this period.

CITY ANALYSTS are split on to be published tomorrow after-

Brokers' estimates vary but there is general agreement that the implied rise in sterling M3 last month may have been nearer 1 per cent (and possibly higher) than the 0.3 per cent rise in April-with lower bank lending but a more expansionary public sector than pre-

Some easing of current tight financial problems of industry in the second half of this year suggested in the other weekend City analysis.

For example, the first in a series of regular financial reviews from brokers Simon and Coates suggests that the financial deficit of the corporate sector is likely to improve over the next 12 months, falling from just over £4bn in the first half of this year to £2.3bn in

Recession'

This is based on a flows-offunds analysis. It suggests that there will be an offsetting improvement in the balance of payments on current account, and an absolute decline in the financial surplus of the personal

Simon and Coates warns that "it appears doubtful whether the factors identified as contributing to this improvement will persist over the medium particularly as the Government's financial strategy seems to imply that much of the burden of adjustment arising out of a progressive reduc-tion in the deficit of the public

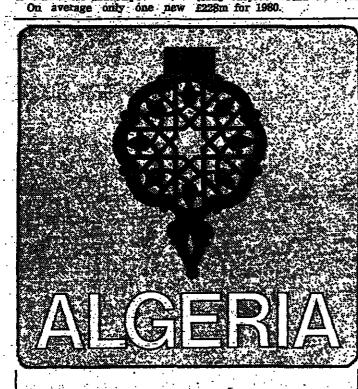
However, a similar short-term should allow money growth to view is taken by James Capel. rise, back into its target range; brokers, which expects large if necessary, they should buy de-stocking, following the 1975 in gilt-edged stock and let experience, during the second interest rates go wherever the half of 1980. This in turn market takes them. could lead to a slump in The immediate focus of atten-recently strong corporate tion on this issue will be the demand for bank loans during

Good demand for silver

BY ANTONY THORNCROFT

DEMAND FOR silver has been Edward Vincent. The £74,786 poor in recent months in the which secured a large rectangu-UK, following the fluctuations lar George II tray by Paul de UK, following the fluctuations in its value in the winter, but on Friday in New York Sotheby Parke Bernet did very well with an important auction which totalled £679,754. Less than 1 per cent was bought in.

Lamèrie, London, 1741, was an auction record for this celebrated silversmith. After the sale the Lafayette Vase in silver gilt by Jacques Henri Fauconnier, commissioned by the Garde Nationale in 1830-35 as a gift to Top price was the £76,923 for the Marquis of Lafayette sold two George I salvers made by for £59,829.



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award urged

MR. JACK STRAW, Labour MP for Blackburn, has suggested creating a Queen's award for retailers who make an outstand-ing contribution to support of British manufacturers.

Home-made aid

He will raise the proposal when Mrs. Margaret Thatcher development. It can take up to 15 years between the meets the all-party textile group discovery of a new medicine MPs today on the crisis in the North-West textiles industry. However, the pharmaceutical industry is one of the most

> British Airways to fit ground speed sensor

BRITISH AIRWAYS is to buy a plate are the solid-state radar Boeing 737 aircraft and allows echoes.

BY DAVID FISHLOCK, SCIENCE EDITOR

window, which costs course. £10,000, has been developed by. Marconi Avionics, a subsidiary Marconi Avionics to develop a of GEC-Marconi Electronics, mainly as an aid to safer landing in stormy weather.

It uses advanced micro-electronics to measure ground speed by the Doppler effect—the effect which causes the pitch of a train whistle to change as it nears and then moves away from the Marconi's doppler velocity

sensor, as the window is called, has been developed in response to a hazard in airliner operations which became apparent only in the late 1970s. As the pilot approaches the runway, it will measure his ground speed—about 150 knots

and is to deliver the first to Boeing in August. Boeing will build the sensor—smaller than a briefcase and weighing only 5 kg—into the aircraft as an integral part of the airframe. Mechanically, it has been designed to the same specification for load-bearing

as the skin of the airframe. A metal pattern printed on a flat plate forms the aerial,

radar "window" which fits sources and the micro-elecinto the underside of its new tronic circuits that process the

the pilot to read the speed at . In this way the pilot reads which he is travelling over the not only groundspeed but also any drift of his aircraft off

The problem which led highlighted in 1975, when a Boeing 727 of Eastern Airlines crashed short of the runway at Kennedy Airport, New York. The pilot, when making his approach, had encountered a known as wind shear, commonly ssociated with thunderstorms.

In trying to combat the effect downburst" of wind, the pilot allowed his groundspeed to fall to a point where in effect his aircraft stalled and dropped

The logic behind the doppler velocity sensor argues that the pilot should at all costs mainwith an accuracy of 0.5 per tain his groundspeed, notwith-cent, the company claims. It standing the unexpected effects has orders worth nearly film for of wind shear, since these are about 75 of these sensors, from British Airways and Lufthansa, ably disappear before he reaches the ground. If they do not, he has the alternative of making another attempt to land.

Doppler is only one of several possible methods of measuring groundspeed, should the Federal Aviation Administration conclude that changes are needed in aircraft approach procedure. But Marconi engineers believe their sensor offers accuracy and convenience. They are also investigating a version for heli-copters they believe may emitting four radar beams and investigating a version for heli-receiving their echoes from the copters they believe may ground. On the back of the interest the Ministry of Defence.

Art 11'80

June 12-17 1980



publication, Forbes Magazine. The land being offered for sale to you is a part of the huge 168,000 acre Forbes Trinchera Ranch. one of the oldest of the remaining hig ranches in America. A sportsmen's paradise in all seasons for hunting, fishing, riding. hiking and boating. With some of the finest skiing in the country within a 75-mile drive. the ranch ranks among the world's best known preserves for deer, elk, game birds and other wildlife.

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Private gas plan attacked

A PLAN by industrialists to break the British Gas Corporation's "monopoly" position has been condemned by the General and Municipal Workers' Union, principal gas workers'

plan comes from the Chemical Industries Association, which submitted a memorandum to the Government earlier this year suggesting an independently controlled gas distribution network for industry based on supplies from wells, not yet developed, in the North

In a rival memorandum to the Government the GMWU has expressed its "total opposition" to the plan "Public ownership and control are essential in an industry where issues of energy pricing and the depletion of a vital national resource are

involved," it said.

The GMWU say no case for fundamental changes in present British Gas and Government policies towards supply of gas for energy use in industry.

It regarded as inconclusive the Chemical Industries Asso-ciation's claim that industria-lists on the Continent paid significantly less for gas. The union said that consideration should be given to establishing a temporary fuel cost subsidy scheme to assist individual enterprises.

The association said last might that it would submit a new memorandum to the Government later this month reinforcing its previous comments, particularly that the amount of gas available to industry was inadequate, and its price unfavourable compared with the

Polls urged for top posts

MR. WYN BEVAN, the Leftwing leader of the Port Talbot steelworkers who is standing for eelction to a key full-time post on the executive of the Electrical and Plumbing Trades stopping short of introducing flame-retardant. elections to all full-time posi-

tions on his union's executive.

The post for which Mr. Bevan is standing, that of divisional officer for the West of England and South Wales, has been vacant for two years. A year the union's executive refused to ratify Mr. Bevan's

noon, for the following purposes:-

reports thereon.

3. To elect directors.

Registrar of Companies.

the time set for the meeting.

i.e. FF 5,000,000, was bought in the market.

Luxembourg, June 9, 1980.

SELECTED RISK INVESTMENTS S.A. PAYMENT OF DIVIDEND

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to Shareholders that following a Resolution passed
at the Annual General Meeting of Shareholders held is Luxembourg on 18th May,
1980 a dividend for the year 1979 of
US:0.25 per share has been declared.
This dividend will be puld as from
20th June, 1980 against presentation of
Coupon No. 16 at the Company's Paying
Agent to the United Kingdom:

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Coupon Department,
S. A. Albane House,
Condent Stree.
London ECAP 25L.,
from when claim forms may be obtained.
United Kingdom Tax will be deducted
at the rate of 30 per cent unless claims
are accompanied by an allidavit.
SELECTED RISK INVESTMENTS S.A.
Sth June, 1980.

We are pleased to confirm that copies of the Antical Resport for the year ended December 31, 1979 of Komatsu Ltd., Tokyo, and Consolidated Subsidiaries, are now available to EDR Holders noon anni-cation to the following conversion agents: Citibank Branches in Ametridan, Franch-fert, Brussels. Park and Milan and at Citibank Respondent S.A., Luxembourge. Kredietbank S.A., Luxembourgeolse, Luxembourg.

S. G. Warburg & Co. Ltd., Coupon Department.

Ladang Pinj

Malaysia

Notes:

Lahat. Perak

9th june .1**980**

COMPANY NOTICES

GADEK (MALAYSIA) BERHAD

Notice of Meeting

Meeting of the company will be held at the registered office, Ladang

Pinji, Lahat, Perak, Malaysia, on Saturday, 28th June, 1980, at 12.00

2. To sanction the payment of directors' fees. .

4. To appoint auditors and fix their remuneration.

!) A member of the company entitled to attend and vote at the

meeting is entitled to appoint a proxy to vote in his stead.

A proxy need not be a member of the company but unless he

is, then by the provisions of Section 149(1)(b) of the Companies Act 1965, he must be a qualified legal practitioner, an

approved company auditor or a person approved by the

The instrument appointing a proxy must be deposited at the

registered office of the company not less than 48 hours before

LAFARGE (CIMENTS LAFARGE)

7½% 1972/1987 FF 100,000,000

NOTICE IS HEREBY GIVEN to Bondholders of the above-

mentioned Loan that the amount redeemable on July 1st. 1980

Amount outstanding: FF 75,000,000.

5. To transact any other ordinary business.

NOTICE IS HEREBY GIVEN that the second Annual General

1. To receive and consider the accounts for the year ended

31st December, 1979, and the directors' and auditors'

Arthur Sandles on Rank's departure

British films face fight for survival

number of people prepared to see pictures that really counts. over £1m a picture would have Not enough people were willing to pay to see the latest batch of Rank films.

The British film business faces peculiar problems. The domestic market of 1,600 cinemas visited by 100m patrons a year, each paying a little over fi on average, is simply not big enough to sustain a healthy in dustry on its own. To a con-siderable extent this is because the U.S. and the UK use the same language.
Film industries of France,

Italy and Japan are to a large extent insulated from full-scale American cinematic colonialism by their languages. The British film maker has no such buffer, and must himself attempt to swim in the American market if he is to succeed on the grand scale.

The golden years of Rank were in the days when the domestic market was sufficient for foreign sales to be counted as a pleasant extra but not an of Henry V. Brief Encounter and Genevieve.

As cinema attendances fell with the arrival of television so sights had to be lowered. The low-budget comedies of the late 1950s and 1960s, often made for little more than £50.000, still sustained film making activity which was British in

THE FACT that the legendary extraordinarily expensive of marketing, making copies, Rank going may have been business, and very much a distribution and exhibition. A respectably them

> modest side. Monty Python's Life of Brian. which is probably about as British as you can get these days, cost more than £2m to make. The money was largely provided by former Beatle George Harrison, who can now laugh all the way to the bank on the proceeds of an invest-ment that no establishment company would

> At the top end of the scale investments can be alarmingly Lord (Lew) Grade's Associated Communications has a reported £14m budget for its Raise the Titanic, which is about £6m more than United Artists is hoping the next James Bond picture will cost.

Grade, and, under the guidance of his brother Lord Delfont, Thorn-EMI, have both seen a solution to the problems essential. These were the years of British film making in producing pictures with a trans-atlantic flavour.

Both are convinced that a major film programme can be sustained only if a hole can be punched in the American market. Rank's film programme did not have a strong American flavour,

sounded for last time at the gamble. Rank's cancelled pro- basic £1m film may cost £2-3m start of a feature film has visional programme of eight by the time it is packaged and underscored the harsh truth of pictures would have cost it promoted world wide. That same promoted world wide. That same the cinema business once again £12m in the unlikely event of film might have to take £4-6m -at the end of the day it is the all having been followed at the box office before the through. The average of a little investors start seeing a return.

At the end of the day, however, these returns can be budgeted but a little on the temptingly huge. Like all the best gambles, when a bet comes off the investors can find themselves swimming in money. Films like Star Wars, Jaws and Saturday Night Fever have produced considerably more than £100m each and are still clicking up receipts.

Even in Britain the once-firm rule that films could only be shown on television five years after their first release in the cinema is crumbling. Even the Grades and Delfonts of this world cannot afford to have a £5m picture gathering dust and interest payments for five years. All is not total gloom in the British film world. The produc-

tion facility business—that is the film studios, laboratories and technical facilities—is Will healthy. United Artists alone may spend £12m on filming in Britain this year.

As far as British-funded.
British-made films are concerned the National Film
Finance Corporation, now neaded by Mr. Mamoun Hassan. is promising an adventurous approach to film finance. British television companies are showing an interest in making feature films

At the end of the day, how ever, all will depend on the ctivity which was British in To the basic costs of film proll senses.

duction must be added the prepared to pay to see the
Film production today is an increasingly expensive burden pictures.

British Aluminium in fire rules row

BY RAY PERMAN, SCOTTISH CORRESPONDENT

GOVERNMENT adequate fire regulations for From public statements this resistant barrier could be put fear of damaging the furniture seems to be for fear of damag- around foam. Union, called yesterday for adequate fire regulations for

> heim, Consumer Affairs Minister, two weeks ago, stopped well short of either banning thane was not easy to make of the market in Britain and use of polyurethane foam in properly flame-retarded by use Europe.

By Order of the Board

THE TRUSTEE

FINIMTRUST S.A.

CITY OF EDINBURGH

DISTRICT COUNCIL

VARIABLE RATE

REDEEMABLE STOCK 1983

9th June 1980 to

9th December 1980 the

interest rate on the

16.6875% per amum BANK OF SCOTLAND

55, OLD BROAD STREET

LONDON EC2P 2HL

QUEBEC CENTRAL RAILWAY COMPANY

4% FIRST MORTGAGE DEBENTURE STOCK

above stock will be

OH KIM SUN

MAK HING KWAI

ing the UK furniture industry industry. ing the UK furniture industry British Aluminium markets a Mr. Alan Foster, chemicals or of adding substantially to the range of flame-retarded fillers. division sales director of British costs of furniture, Mr. Foster for use with plastics, manufac-Aluminium, said regulations said. "We have to remain tured at its alumina plant at announced by Mrs. Sally Oppen-beim, Consumer Affairs fears."

COMPAGNIE FRANCAISE DES PETROLES

i rue Michel-Ange, Paris 7501 R.C.S. PARIS & \$42 051 180

S.A. CAPITAL STOCK OF 1 335 862 750 F NOTICE FOR SHAREHOLDERS' MEETING

discuss the following points on the Agenda: 18 Report of the Board of Directors on operations and accounts for the year 1979; Auditors' Report. 21 Approval of said reports, accounts and Balance Sheet. 31 Income allocation and determina-tion of dividend. 41 Appointment of a Director. 51 Renewal of a Director. 62 Appointment and office renewal of Auditors:

5) Renewal of a Director's term or office.
6) Appointment and office renewal of Auditors.
7) Approval of transactions covered by Article 101 of the Law Decree of July 24, 1955.
8) Setting, of a redemption price for Class A shares uptil the mext Annual General Meeching pursuant to Article 11 of the Bye-Laws.
All shareholders who own one or more "A or "B" shares are entitled to attend these Meetings or be represented therefor by a proxy shareholder by by their spousser by the shareholder who own, registered shared to be able to attend therefor the shareholders who own, registered shared shared shareholders who own, registered shared shared she listed on the Company registers five hall calendar days before the Meetings are to converse. The shareholders who own to conver the shareholders who own the same timespan, deposit their share certificates or certificates issued by the bank, the financial establishments; or bolieving establishments.

GADEK (MALAYSIA) BERHAD (Incorporated in Malaysia)

THE ROYAL BOROUGH OF KENEINGTON AND CHELSEA

VARIABLE RATE REDEEMABLE

STOCK 1982

The Council of The Royal Borough of Kensington and Chelses amounce that the hard-warry payment of interest due on 9th December, 1886 on the above stock will be grather rate of \$8.34375 diess income taxt per £100 stock.

WHAT did Margaret Lockwood as Queen Alexandra and Polity James as Princess Toria say about the Prime Minister? Why did Edward VII's Queen condone his mistresses? All is revealed sightly at the AMBASSAOOR'S THEATRE. Tel: 01-836 1471.

PERSONAL

EXHIBITIONS

DIVER IS HEREBY GIVEN that an dividend of 5% less 40% income or the year ending 31st December, has been declared payable on 18th 1880 to shareholders whose names or on the members register at the

was furniture and carpets or requir- of non-toxic materials, he said, criticised at the weekend for ing it to be made properly other types of filling could be stopping short of introducing flame-retardant.

British Aluminium markets a Burntisland, Fife, the only one of its kind in the UK, but is

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967 R.P.R. ASSOCIATES (PRINTERS)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 8th day of July 1980 to send their names and addresses and the perticulars of their debts or claims and the names and addresses of their Solicitors if any, to KEITH DAVID GOODMAN, FCA,

NOTICE FOR
SHAREHOLDERS' MEETING

NOTICE IS HEREBY GIVEN to the
Shareholders that they are to convent
on Thursday, Jene 25, 1980, at the
Company's Head Office, 5 rise MichelAnge, Paris 75016.

1) for an EXTRAORDINARY GENERAL
MEETING, at 10.30 a.m., to discuss
the following points on the agenda:
1) Renewal of authorisation to the
Board of Director's to increase the
issued share capital, at its discretion, up to a total amount of
F 2.500 000 000,
2) Reduction of the President's term
of office to 3 years.
3) Corresponding modification of
article 21 of the Bye-Laws.
2) for an ORDINARY GENERAL
MEETING after the Extraordinary
Shareholders' Meeting is ended, to
discuss the following points on the
Agenda:
TyReport of the Board of Directors KEITH DAVID GOODMAN, FCA, of 3/A Bentinck Street.
London W1A 3BA,:
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or parsonally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 27th day of May 1980.

K. D. GOODMAN, Liquidator

THE COMPANIES ACTS 1948 TO 1967

PAMELA JEWELLERS LIMITED NOTICE IS HEREBY GIVEN that the

NOTICE IS MEMBERY GIVEN that the Creditors of the above-named Company are required on or before the 4th dev of July 1980, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to

PHILIP MONJACK, FCA. of 3/4 Bentinck Street, London WIA 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 23rd day of May 1980.

P. MONJACK, Liquidator.

ALAN NEDAS SPORTSWEAR LIMITED NOTICE IS HEPERY CIVEN pursuant to Section 293 of the Companies Act. 1988, that a Macrino of the craditors of the above-named Company will be held at the above-named.

LEONARD CURTIS & CO... 3/4 Bentinck Street.
London WIA 38A.
on Tuesday the 10th day of June 1980 at 12 o'clock midday. for the purposes provided for in Sections 294 and 295.
Dated the 27th day of May 1980.
A. NEDAS, Director

PRIMROSE ELECTRONICS LIMITED NOTICE IS HERERY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above-named Company will be held at the offices of

held at the offices of
LEONARD CURTIS & CO...
situated at 3/4 Bentinck Street.
London WIA 3BA.
on Friday the 37th day of June 1980
at 12 official midday, for the purposes
provided for in Sections 294 and 295.
Dated the 2nd Hardy June 1980
Hardy Day Director HARRY DAY, Director

MICHAELSON & AUSTIN LIMITED NOTICE IS HERERY GIVEN DURBURN Section, 299 of the Companies Act. 1948 that a Meeting of the creditors of the above named Company will be held

LFONARD CITATIS & CO.... situated at 3/4 Bentinck Street, no Wednesday the 11th day of Juna 1990 at 12 o'clock midday, for the surprose provided for in Sections 294 and 295. Enndon W1A 3RA. nd 256. Detect the 73ml day of May 1980. KEVIN AUSTIN Director

Jenkins predicts jobless

By John Lloyd,

2.5m

THE COUNTRY'S largest whitecollar union, the 470,000-strong Association of Scientific, Technical and Managerial Staffs, yesterday reaffirmed its support for the three proposed constitutional reforms in the Labour Party. It also changed its rules on its political levy following the loss of a court case, and expressed complete opposition Government economic policies.

Mr. Clive Jenkins, general secretary, told the union's annual delegate conference at Brighton true unemployment figures, taking account of those who did not declare themselves unemployed, were nearly 2m and would rise to 25m next

"The consensus has been abandoned. This Government wants things to get worse."

The three changes to the Labour Party's constitution cover mandatory re-selection of MPs, the drafting of the manifesto by the National Executive Committee and the election of leader by a broader forum than the Parliamentary Labour Party.

The change in union rules was prompted by the loss of a case brought by a member aimed at liberalising the use of the union's political fund for support of other parties than the Labour Party.

The change in effect means that all the union's political funds must now go to the Labour Party. About 140,000 members pay the political levy.

More union chiefs back Callaghan

By Our Labour Correspondent

SUPPORT of a growing number of trade union leaders for Mr. James Callaghan's continuing as Leader of the Labour Party is based partly on the belief that he is not as determined to agree an incomes policy with the unions before the next General Election as recent

trade unions back the proposa for an electoral college t Leader and contents of the manifesto. There is some sup port for State aid for politica and for increase Labour Party membership dues

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, and the first union leader to declare support for Mr. Callaghan last week, said at the weekend: "Mr. Callaghan has made no proposals to return to old-style incomes policies which have always ended in the damming-up of pay claims and a ratcheting-up of inflation.

"In view of his experience I do not think he would. The truth is, he has not." Mr. Jenkins's view is shared

by other union leaders, some of whom would prefer to see Mr. Callaghan stay on in prefer ence to Mr. Denis Healey. Mr. Jenkins said that in talk between the TUC and the Labour Party Mr. Callaghan had not broached the subject of an

Mr. Healey and Dr. David Owen had. The final full-scale meeting of the commission of inquiry into the Labour Party constitution is next weekend at the ASTMS education centre at Bishop's Stortford, Herts.

incomes policy, though both

Drafts will propose an elec-toral college of delegates in equal proportion from constituency parties, Parliamentary Labour Party and unions, with duties of choosing the party leader and propably writing the party manifesto.

Vote on action by health workers today THE ANNUAL group meeting

of health service delegates in the National and Local Government Officers' Association wil be asked today to agree on policy of industrial action i necessary among the union' 100,000 health staff. The recommendations

industrial action are being put by the union's national health committee and refer to reorganisation of the health service and to the pay of three groups of workers. One motion calls for a policy

of non-cooperation reorganisation until there are new national agreements to cover the effects on staff. The others call for industrial action where necessary among administrative and clerical staff, nurses, midwives and para-

Murray expected to see **CEGB** over Isle of Grain

MR. LEN MURRAY, the TUC General and Municipal Workers' Union, are expected to meet officials of the Central Electricity Generating Board early this week as part of the TUC acted on Friday as conciliators attempt to solve the Isle of Grain now believe the CEGB position

Proposals are experted to be put to the CEGB following some progress in 11 hours of inter-

Municipal, to accept a ceiling laggers working on CEGB sites.

Those unions, particularly the on bonus payments.

ascertained for conciliation to

There is some indication that union talks at the TUC on unless the CEGB can agree to

These talks produced no Basnett wish to see adopted, the secretary, and Mr. David comprehensive formula for TUC will find itself virtually Basnett, general secretary of the settling the dispute, which back at Square One in resolving General and Municipal Workers' arose from refusal of 27 laggers, the dispute. The GMWU members of the General and threatens to withdraw all its

> Senior union officials who construction section of the acted on Friday as conciliators Amalgamated Engineering Workers, which on certain issues has to be have supplied laggers or insulation engineers in place of the GMWU, firmly stood by their position on Friday that lagrers' unless the CEGB can agree to pay must be brought into line the stance Mr. Murray and Mr. with that of other groups.

IPC journalists revise pay claim

BY OUR LABOUR STAFF.

A MASS MEETING of the 1,400 ournalists in the International Publishing Corporation's maga-zine, business press and book publishing division will vote on Wednesday on a revised wages and conditions claim, to be pre-sented to the IPC management vice, on Friday centred on the

The journalists who were allowances during the six-week formally dismissed for six weeks period. vice, on Friday centred on the

The National Union of Journalists' group chapel (office branch) is now considering revamping its complex claim in-volving working hours, agreement on new technology, and payment of expenses and other time off for re-training.

BUSINESSMAN'S DIARY

OVERSEAS TRADE FAIRS AND EXHIBITIONS Date

L	Date	Title	Venue
•	Current	Fine Art and Antiques Fair (01-385 1200) (until	Olympia
7	Current	Sunday Times Business to Business Exhibition (01-407-4046) (until June 11)	Earls Cor
	June 10-12		Kensingto
•	June 10-13	Institute of Housing Annual Conference and	
!	Dane 10-10		Harrogate
	June 11-14		Kings Ha
	June 16-20	International Solid Waste Congress and Exhibition	Wembley
•	Jame 10-20	(01-580 5324)	
ľ	June 24	Intel Microcomputer Fair (0793 26101)	Wembley
	June 25-28	CATCH 80-Aberdeen International Fisheries.	Aberdeen
	June 20-20	Processing and Marine Equipment Exhibition	
•		(01-353 4885)	
	July 1-3	Energy Show (01-837 3636)	Cimard Ir
7	Inle 1.3	.Temperature Measurement and Control Exhibition	
1	[•••	an Conference (0822 4671)	
•	July 6-10	Autumn 80 Lightshow (02488, 396)	NEC. Bir
	July 8-10	Great Yorkshire Agricultural Show (0423 61536)	
	July 9-6	Parel Torrespond (01.090 6000)	Earls Cor
	July 11-20		Olympia
	July 15-16		
	1 2 my 10-10	PETGEOGRAFIA CONTRETENCE AT SPICIA TECHNOMAL—	الاعلالياسييت

MICROFAX (061-236 4612)

Wembley Conference Centre

Kensington, W8

Harrogate Kings Hall, Belfast

Cumard International Hotel, W Wembley Conference Centre NEC, Birmingham

Harrogate

IIK TRADE FAIRS AND EXHIBITIONS

	\mathbf{u}	TIVADA LUTIM UND TR	TITITITITION
	9-14 10-14		
ш	1012	Educational Equipment Exhibition - VISODATA	Munieh
une	17-19	(01486 1051)	
	-	Advanced Communications Exhibition — EURO-	Copenhagen
une	19-22	COMM 80 (01540 1101)	~
une	23-26	Solar Energy Exhibition	Genoa
une	23-26	World Frozen Food Exhibition (01-629 8817	Monte Carlo
	·····	ASEE Educational Resources Exhibition (01-437)	Massachusetts
une	24-27	0678}	
	28-July 4		Hamburg
	28-July 6		Brao
		Motor Show, Components and Accessories	.Braga
nlv	1-4	Exhibition	
	1-4		Rio de Janeiro
	2-6	Audio Visual Exhibition AUVI (021-705 6707)	Singapore
	7-11		
ш, ,	·	and Exhibition—INSTRUCTA (01-486 1951)	

At the same time it has become clear that several big BUSINESS AND MANAGEMENT CONFERENCES

aI .	Current	Brunel University: Experimental methods for
to ,		management training and development
ty :		(0895 56461) (until June 13)
ie	June 9-10	AMD: Communication and Confidence Development
p_ i	T 10.11	for Managers (07535 56047)
al j	June 10-11	INFOTECH: Which Word Processor? (0628 39101) Institute of Management Services: Staff Appraisal
d	June 11	and Development (01-363 7452)
5 .	June 11-13	AMR International: The Management of Projects
ญ		(01-262 2732)
of	June 13-14	PCL: Technology and Adjustment to Change at
a-		Firm Level — German, Swedish and UK
11		experience (01-486 5811)
r	June 17	Eurex: Information, trading and confirmation
d j	June 17-18	system for Eurobonds (01-628 8787)
ת	Aurie 11-10	ASM: Current Cost Budgetary Control (01-385
n	June 17-18	Inst. Mech. E: Progress Towards Safer Passenger
:S		Cars in the UK (01-222 7899)
ď	June 18-19	FT Conference: The European Offshore in the
٦,		1980s (01-621 1355)
. [June 24	Oyez: Pensions in the private sector (01-242 2481)
۴ ا	June 25-27	Monotype International: Typographical Quality and
e	June 26-27	Modern Technology are Compatible (91 65959)
. 1	64BC 20-21	AMR: Banking and Finance in the Middle East (01-262 2732)
ď	July 1	Spicer and Pegler: The office of the 80s (01-283
e		2683)
e	July 3	CCC: Use of Offshore Financial Centres-Cyprus -
' ·	T-1- 4	(01222 6362)
5	July 4	ESC: The Companies Act 1980 (01-262 1234)
e	July 6-11	University of Bradford Management Centre: Sales
à	July 7-11	Management (Bradford 42299) Institute of Personnel Management: The Work of
ī l		The Personnel Department (01-387 2844)
ь	July 8	BIM: Micros—The real costs and how to fund them
- -		(01-405 3456)

July 9-10 The Plastics and Rubber Institute: Plastics on the Kenilworth Road (01-245 9555) ESC: Norwegian Taxation: A specialist conference. Carlton Tower Hotel, SWE

for the oil and gas industry (057 282 2711)

ASM: Inventory Control and the Microcomputer Pembroke College, Oxford July 14-25 FT Course: Financial Management for the non- The City University financial executive (01-621, 1355) Oyez IBC: Estate Agents' Remuneration—Sell a Duchess Mews, Wf.
Property and get no commission? (01-242-2481) LCCI: Iraq (01-248 4444)

London Press Centre, EC4 Great Eastern Hotel, EC2 Royal Lancaster Hotel, W2 Cumberland Hotel, WI' Heaton Mount, Bradford Embassy Hotel, W2--Mount Royal Hotel, W1

Gloucester Hotel, SW7

Tara Hotel, Kensington

Browns Hotel, WI

Europa Hotel, WI

Westminster, W1

Mount Royal Hotel, Wi

Marylebone Road, NW1

Great Eastern Hotel, EC2

Grosvenor House, Wi Queens College, Cambridge

Cannon Street, EC4

Financial Times Conferences

THE NEW SRI LANKA — OPPORTUNITIES FOR BUSINESS Colombo — September 4 and 5, 1980

The Government of Sri Lanka has since 1977 aimed to revitalise and strengthen the economy of the country. It has achieved a large measure of success. This conference will examine the extent to which the policies may affect future business enterprise and may stimulate national and international investment.

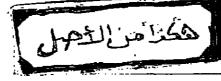
SPAIN AND THE COMMON MARKET — POLICY AND ALTERNATIVES Madrid — October 8 and 9, 1980

The application by Spain for entry to the Common Market has been the subject of lengthy and delicate negotiations. The difficulties facing the Government in tackling this issue are heightened by the parallel tasks of introducing fundamental changes in the structure of the country's administration and the policy for economic development. The conference will examine the government's policies and the way in which industry, agriculture and the environment will be affected by them. It will provide a unique opportunity for discussion of these issues by the delegates with the distinguished panel of international speakers.

All enquiries should be addressed to: **Financial Times Limited** Conference Organisation Minster House. Arthur Street London EC4R 9AX

Tel: 01-621 1355 Telex: 27347 FICONF G Cables: FINCONF LONDON

医环形 医乳腺管 医皮肤性



Apparently some drivers are taking our claims for the Beta Coupé just a little too seriously.

Admittedly it is designed to go from 0 to 60mph in only 8.9 seconds. But that's no excuse for trying to prove it on a Sunday afternoon drive along country lanes.

afternoon drive along country lanes.

We know we've claimed its roadholding is like driving on rails, but really there are limits. And taking a tight hairpin at 70

could well be one of them.

There's also no excuse for seeing if our 2 litre model actually can make it to 118mph. Especially when there's a patrol car waiting at the other end of Park Lane.

Of course it's tempting to drive a Beta Coupé fast. That's what we designed it for But there are other things to appreciate when speed is just a secondary consideration.

Even in a traffic jam we think you'll enjoy casting an eye over an instrument panel that wouldn't look out of place in Concorde.

And we're sure you'll relish sitting back while other drivers cast envious glances at the styling of your Beta Coupé.

We've even found a way to offer you air conditioning that doesn't consist of a bigger heating unit.

impted tileage s by troop Soviet East ded in Soviet pe, to ave to

It's called the Beta Spyder And basically it's a Beta Coupé with the chance to take the lid off.

In fact, however slow you're forced to drive our cars, we think you'll find they have their advantages.

But if you do decide to push them to their limit, we recommend you take a few lessons before flying solo.

Write to Lancia Marketing, Freepost, P.O. Box 36, Hayes, Middlesex, for full information on the Beta Coupé and Spyder.

LANCIA BETA COUPÉ

Performance figures taken from Car Magazine, May 1980, and apply to the 2000 Coupé. The Lancia Beta Coupé and Spyder range costs from £5050.60 to £6788.54.

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9 COMMUNICATIONS

Calls will always be answered

TYPICAL OF the way in which charging/storage rack which combinations of memory and will be interrogated by the intelligence are significantly central equipment, allowing the improving communications systems is a new paging product from Germany, the AEG-Telefunken D600D.

digital display messages for the user. A second version has LED unit on the top edge of the unit would be a telephone number that has to be called although the digits can have any other pre-arranged meaning. The number will appear two or more five figure groups in sequence if necessary. If while such a transmission is

can be brought on to the dis-A useful facility is that a inputs are connected to a erson's phone number can be "radio processor" unit which person's phone number can be arranged to be the same as his will store and transmit them page number, so that a call in sequence, having first interor about the building. If they are out, this is also taken care

in progress another paging call

is incoming, it is stored in the

pager's memory and the data

caller to be informed.

Via the central point the sender can choose a code to give a number of calling alternatives: he can selectively The basic receive-only unit address up to either 10 or 100 measures only 114 x 45 mm and of the receivers at once, with can produce both verbal and or without speech option, or he can call a single unit exclusively, with or without speech. basic size of 153 x 53 mm and The code appears on the reallows the user to talk back ceiver's display, but there is via the central station. Typic-still room for a message since ally displayed on the five digit the portable unit has a 20 digit

Incoming calls to the system can be from telephone extensions via the PBX, push-button handset terminals, from preprogrammed paging terminals that have a separate button for each paged address, or from terminals that can be linked to fire and security detectors, appropriate numbers such as fire department would then be called automatically.

Up to 22 channels of these

Engineering Division, Market Street, Maidenhead, Berks SL6 of: the departing user places Street, Maidenhead his pocket unit in a battery 8AE (0628 39171).

Data services reviewed

authoritative information likely for data communications within

international services, propose

With the exception of North America, copies may be obtained from the Foundation at Room 113, Broad Street House, 55, Old Broad Street, London EC2M 1RX, the price being \$175 for countries outside Europe. North American pur-Foundation's agents, Yelecom Systems Group Inc., 579, Pompton Avenue, Cedar Grove,

Building and Civil Engineering

HANDLING

Automatic delivery of messages

HUMAN MESSENGERS may accountants Touche, Ross and authorities. Co., near London's Fleet Street.

Aimed at cutting manning costs and intended to increase efficiency is an installation known as Intercar which consists of nine containers or "cars" each the size of an attache case which are used to carry and deliver documents to various stations throughout the

Cars are electrically powered and run on tracks up a shaft from a lower basement to the sixth floor. Each can be sent from any station on the system basement, the cars can, if to another venue. In the upper required, leave the vertical shaft and travel 80 feet horizontally the company's archives

Central control panel on the fourth floor indicates how many cars are on the circuit and serves to prevent jamming by

overcrowding.

System took four months to install at a cost of £90,000 and does the work of about six human messengers says designer and supplier, D. D. Lamson, Harbour Road, Gos-port, Hants (07017 84271).

Vehicle turn-round speeded

COMPLEMENTING its Ex-tendaveyor and Handiveyor models is a new series of conveyor-elevators for vehicle loading and unloading which can be used at locations with or without a purpose-built loading dock, announces Sovex Marshall, Cavendish Drive, Cariton. Nottingham (0602 249271). Called Pacemaker, the three models will reach 6, 8 and 10

metres, respectively, into the vehicles being loaded or un-loaded, and facilitate the speedy turn-round of vehicles, trailers and containers. Provided there is room for them to be moved manually into position, extended into and withdrawn from the vehicle. they provide efficient loading and unloading for users whose chasers should apply to the site economics do not justify the use of the big Extendaveyors

Stockton-on-Tees. One involves construction of a 1.95 km long

surface outfall sewer for the

authority's central area rede-

velopment main drainage sys-

tem. The Tees-side work is in

connection with the Norton sewerage scheme and includes

the construction of a pumping

station together with a box cul-

vert and outfall into Billing-

Boskalis

ster Construction.

and drainage.

Merseyside.

and Merseyside

gets £3.1m

HOUSING, a school extension

and industrial units comprise

work worth over £3m just

awarded to Boskalis Westmin-

Largest project is worth over

£1m and has been placed by

Fareham Borough Council,

Hants, for the construction of

59 houses with associated roads

Anchor Housing Association

worth £1.1m for the construc-

tion of flats and houses on

Shrewsbury RC Diocesan

Trustees has awarded a contract for extension works at St.

Chads RC School, Runcorn, and

work has also been placed by

Arunbridge for the construction

of industrial units at Man-

Supermarket

AWARD OF two contracts,

together worth about £1im, for

fitting out two Presto super-

markets, has gone to Lesser

Design and Build for Allied

Larger of the stores is at

Hounslow, Middlesex, where the

company is designing and build-

ing offices, car parking and retail units with Allied.

Second project is at Oldham

Town Square Shopping Centre

where Presto is tenant in part

of the £9m Lesser Land, Oldham

MBC and Scottish Amicable

by Lesser

Improved

MAINTENANCE

Clearing the pipelines

REEPING SEWERS and water offer for sale of mile a matter supply pipelines clear of block that will not only clear these ages or a build-up of substances smaller pipelines but also cut full circle design, with saw the tree roots which find their teeth on both sides of the that reduce the bore of the the tree roots which find their pipes and foul the contents is way into them. soon become anachronisms at an ever present problem for the new six-storey premises of municipal authorities and water

> and Municipal Pollution, (IMP), Winkleigh Airfield, Winkleigh, Devon (083783 555) which specialises in this type of cleaning operation and has a fleet of 20 mobile sewer clearing machines there is also a demand for a meter.

The demand also, apparently, is for a machine that can be able. One is a spiral saw, operated in difficult-to-reach found the answer and is to other an expandable cutter 6 to

FLEET OWNERS, car dealers

and service stations might be

interested in cold water clean-

ing equipment from the U.S.

which employs a fan-shaped

described by the makers as a "liquid brush."

Available in the UK from GS

Chemicals, the machine has a

pre-set detergent/water control

which maintains accurate deter-

gent proportioning at 40:1 irrespective of the mains water

pressure. In addition, the equip-

ment washes at relatively low water consumption levels,

PACKAGING

but no seal

for flat-pack applications in the

refractory industry, for packing

bricks, concrete slabs, etc., as well as strapping crates, pallets,

textile bales and sheet metal, is

a no-seal joint fastening tool for

water and reducing

Steel strap has strength

PROMISING EXTRA security the machine works at 75-80 psi

the strap.

presence of a seal.

the strap itself.

velocity nozzle spray

Cold water cleans fleet

A subsidiary company IMP (Heico), Four Pools Trading Cheitenham Estate. One UK company, Industrial Evesham, Worcs. (6386 45091), has been set up to market the new machine which is small enough to be towed by a Land Rover or similar vehicle.

It works on a water turbine principle and is claimed to be operating in various parts of capable of clearing the toughest the UK has now found that of roots, flyash, hard fats, or detergent calcium build-up. machine which will bore Debris is drawn back to the through the smaller diameter nearest manhole where it can be pipes from 6 to 20 inches in dia- removed by the machine's

Two cutting heads are availsewer maintenance service the which can be from 4 to 15 IMP reckons it has inches in diameter, and the

There are nine of these

"Kleen King" models with

prices ranging from £300 to

prevents excessive pump pres

the working parts.

sures and increases the life of

system operated from the gun, obviating the need for the

operator to return to the

GS Chemicals is at Unit 8,

Wooburn Industrial Park, Woo-

burn Green, High Wycombe,

(5-6 bar) for maximum tension-

ing, but should a lighter tension

be required this is achieved by

simple reduction of the air

pressure. When the desired

tension is reached the motor

automatically stops and the operator then preses the right

band valve lever to seal and cut

The no-seal joint fastening is

said to be unique to the Titan

range—using the punch and die principle, the strap itself is per-

switching

COMPUTERS

the end of this year.

Apart from providing a full

surveying, grouting and

mum fritcion.

Cools electronic £942. They all have a recirculating relief system which equipment

blade to allow cutting when

jetting ahead or pulling back.

The expandable cutter blades

consist of three heavy duty

FANS THAT have been Most of the models have a designed primarily for cooling electronic sub-assemblies use a coreless motor to achieve high performance and low weight, says Impectron, Foundry Lane, Horsham, West Sussex (0403

50111). Known as the SMF range of sub-miniature fans, they operate on either 12 or 5V de and, at these voltages, motor speed is about 14,500 rpm, developing an air flew of around 450 litres a minute. Current consumption is a minimal 150mA, and operation

is said to be virtually noiseless. Because the motor is coreless, says the company, it is highly efficient and light. Total weight of the entire fan is only 56g, making it particularly suitable for use in portable equipment. A NEW design of stand-alone, tion or shock.

There are two types of mounting: plain cylindrical model is designed to fit into ducts, rubber fixing brackets, etc., while a flange fitting type may be fitted direct to bulkheads or other flat

In addition to cooling elec-

forated, and the two ends locked in to each other without the transistor fins—the fans may also be used for small scale Company says the joint has a guaranteed efficiency of 80 per dust extraction, transmission of gas, or other local ventilation cent of the break strength of

COMPONENTS Sends with economy

nique of statistical multiplexing for data transmission has now gained a sizeable foothold after some initial doubts among potential users and one source puts the installed base at 50 per cent of all multiplexers in use.

blades, specially shaped for Basically, by constantly maximum cutting effect without examining all the inputs, a causing unnecessary abrasion to statistical multiplexet makes the pipe surface. Removable sure that that regardless of skids allow both the cutters to whether a particular channel is pass along the pipe with minipresenting data, the actual multiplexer input is always fully IMP (Heico) has already successfully used two machines engaged. With ordinary types, for contracts in Birmingham it was estimated by one large and Leeds and the company U.S. company that up to 90 per cent of the input time was in expects to have six machines operating a national service by fact idle. Latest machine from a leader

in this field, Infotron Systems will make up to four times more new company will undertake savings in transmission costs than the conventional type. Up to 32 input lines with a combined aggregate speed of 38,400 bits/sec may be concentrated over a single 9600 bps output line. The inputs may be any combination of dial-up or dedicated line, synchronous and asynchronous, with mixed protocols and speeds to 9600

> One of the dangers of statistical multiplexing is corruption of the labels attached to the data moment by moment to indicate to the receiving end its channel of origin. In the new Supermux 680, data is temporarily buffered while

More from the company af Systems House, Poundbury Road, Dorchester, Dorset DT1

Digitises high volume graphics

It is not susceptible to vibra-tion or shock off-line digitiser and editing system developed in the UK by Calcomp's European product support and development organisation, has been launched with the name Diged.

Diged consists of a digitising surface up to 1.5 x 1.1 metres in size, a microprocessor-based display unit with full ASCII equipment — power- keyboard, and industry comsupply heat-sinks or power patible magnetic tape unit.

Aimed at high volume graphics data preparation of the kind encountered in mechanical and civil engineering draughtmapping and seismic 5611).

B38 Instrument Filter-Regulators specially designed for the Process and Petrochemical

Norgren

Financial Times Monday June 9 1980.

Industries. MI NORGREN LTD

research, the system allows graphics data to be collected on to magnetic tape ready for subsequent input to mainframe or minicomputer-based graphics systems. The idea is to prevent the heavy system loading which often results when on-line digit. ising is used to enter large volumés of complex data. It is claimed that Diged offers

the widest range of facilities. with a digitising surface size down to 28 sq cm, resolutions of 0.1 mm, 0.625 mm, or 0.001 in and comprehensive data pre-view, editing, formating and labelling facilities. Calcomp is at The Ring. Brackneff, Berkshire RG12 1ER

Films and terminals at Norwich

ACCORDING TO Datagraphix the "commonly held miscon-ception" that on line computer systems, with their easy, rapid cyclic redundancy checks are: systems, with their easy, rapid made. Detected errors result in data extraction ability, now a request for retransinission outdate computer output on from the source. Price is microfilm (COM), has been disproved by Norwich Union Insurance group.

This company was the first, and remains the only major insurance group to install in-house COM. The facility has now been upgraded by the installation of the latest minicomputer front-ended COM recorder from Datagraphic, the model 4550. At the same time, however. Norwich is implementing plans for an on the branch information system involving some 500 visual display

The insurance company be lieves that the two types of output system are mutually supporting and that there will be substantial computer time saving compared with a totally on-line solution.

Relatively current informa-tion will be held on-line, but three times as much will be distributed on the COM microfiche. It is thus expected that an information trace can be complete with minimum risk of quening problems. Datagraphix is at Drift Road

Windsor, Berks SL4 4RQ (03447

will always be answered rogated the charging rack to see whether staff are at their desks who is out. More from AEG-Telefunken,

Foundation Yearbook, claimed by its compilers to contain all source to be required by those responsible

their organisations. Information within this 464 page A4 book, priced at £75, is telecommunications authorities in Europe which are members of the Eurodata Foundation.

sections covering PTT organisation and policy, telex and telegraph services, services for NJ 07009, U.S.

building worth £6m, and a fur-

ther £2.7m worth in civil engin-

eering, are announced by G.

Largest building job is worth

A £2.2m contract is for a new London.

Daf trucks expand

Trucks which are brought manager.

£2.5m and is for a complete refuse sorting depot and asso-

Dew and Co.

chester Council.

(Trafalgar House).

supply fails.

models also available.

Department of Recreation and

That's our business

To enable you to generate your own

power where none exists or the mains

THE 1980 edition has been data transmission using equippublished of the Eurodata ment provided by the PTTs, new facilities, tariffs, leased private circuits and the PTT literature and points of contact that are available.

Major work won by G. Dew

ciated services for Greater Man- for Land Securities (Manage-

distribution warehouse, ancil- Civil engineering contracts lary works and facilities at Barr- are due for completion early

MARLOW-BASED Daf Trucks into the UK from Holland, via

(GB) is investing £3m in a new Harwich, will be tested, modi-

6.5 acre site to be developed fied and delivered to the dealer

on the second phase of the network throughout the UK

Severalls Lane Industrial Estate from Colchester thus, says the

Colchester, Essex. company, releasing valuable Scheduled for completion in space in Marlow for further

early summer 1981, this will provide a 59,000 square feet predelivery inspection workshop and parts area, and a 6,000 square feet office block.

These which are brought

CONTRACTS valued at more the Arts for work at Burgess

than £3m have been won by Park, Southwark, London Cementation Construction (£1.2m)

The largest are for the work for the Central Electricity British Airports Authority at Generating Board, Sainsbury, Gatwick (f1.6m) and for the Rugby Portland Cement and the

Dawson-Keith Sell, Hire and Service generators – world wide.

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service engineers to keep our generators up to standard.

Awards to Cementation

CONTRACTS IN industrial head, Glasgow for United Glass, next month at Salford and

ing division includes mooring

dolphins, pump buildings and pipelines for Manchester Ship Canal Company, at Statham, Warrington, and a development

ment) at Penge in south-east

The remaining £200,000 covers

Other major work booked by the company's industrial build-

steel straps. Designed so that the com-pressed air takes all the effort out of both the tensioning and sealing operations—thus in-

creasing strapping speeds and making life happier for the operator—the Titan PKA is being introduced to the UK market by Lawco, 60 Vauxhall Road, Liverpool (051-227 1212). It has only two controls: when both ends of the strap are inwhich operate on a true cantiserted into the machine, the levered suspension, says the operator presses the left hand valve for automatic tensioning

Jarvis wins £4m's worth

NEW AND old buildings are included in contracts together worth more than £4m just awarded to Jarvis.

Among the awards is a fourstorey office block and a singlestorey industrial building for the Sun Alliance Insurance Group at Park Royal, London,

At Harley Street, London, W1, a 250-year-old Grade 2 listed residential property is being restored, converted and extended to become an out patients surgery centre for the Wellington Private Hospital.

A three-storey building in Lever Street, Manchester, which was built about 70 years ago, is being modernised to become THREE CONTRACTS together main offices of the Manchester worth nearly £1.3m have been and Salford Hospital Saturday awarded to Lovell Construction and Convalescent Homes Fund.

Warehouses Two housing associations, Houses, have awarded contracts by Cubitts

ABOUT £1½m worth of warehousing is to be constructed two metre high cavity brickby Holland, Hannen and Cubitts work wall. (Scotland), a member of the Tarmac Group.

£748,000, has been awarded by the North British Distillery CONSTRUCTION OF a 132 kV of conventional reinforced con-Company and is a 2,142 sq switch house and 11 kV sub- crete construction with a conmetre warehouse at Muirhall, station is being undertaken at crete roof and brick cladding. Edinburgh. Cubitts is also to City Road, London by John prepare the foundations for a Mowlem and Co. The £2.3m of the structure above ground further warehouse planned to contract, awarded by the Loncover an area of 6,480 sq metres. don Electricity Board, is due for Blyth and Blyth Partnerships completion in December. of Edinburgh will provide professional services.

A second contract, worth about £500,000, is from Town Centre Enterprises. This is for a single-storey 3,750 sq metres building, on the Granton Harbour Trading Estate, Edinburgh. It will have a steel portal frame finished with facing brickwork to dado height and metal sheeting to the upper walls and

Architect for this project is Alan Jollie and Associates, with Thomas Pottle and Associates as quantity surveyors and H. L. Waterman Partners as consulting engineers.



An Impression of the view down St. Mary Axe, in the City of London when the new Lloyds building is completed in about six years' time. As was announced last week, Boyls Construction has been appointed management contractor for the £40m project which was designed by Richard Rogers

Industrial jobs for Lovell

Group.

The company has started work on six warehouse units for Centrovell at Caldwell Road, Nuneaton and these will be built in one structure and comprise a steel portal frame on mass concrete foundations. Asbestos roofing will be used together with plastic coated ver-tical metal cladding above a

the construction of a 2,400 square metre speculative factory development at Blakelands, North Milton Keynes under a contract for National Car Parks. This single storey steel-framed structure will have a two-level office section incorporated in

the main structure. Third project is the rede-velopment of a former warehousing site at Dolphin Road, Shoreham-by-Sea, Sussex, to provide a cold store, chill room

It will have a basement for in-

coming cables, with the majority

devoted to switchgear and the

The larger contract, worth Housing for switchgear

The switch house 60 metres staff accommodation on two by 20 metres in plan, will be floors.

Willmott gets work at **Milton Keynes**

Milton Keynes, the Corporation Three of the largest homes will has contracted John Willmott to be built to wheelchair standard sheltered accommodation under bedroom houses built a contract worth £2.2m.

Scheme consists of mainly semi-detached and terraced four-person. houses with some five-person,

AT PENNYLANDS 3 site, three-bedroom detached houses. build 95 rent/sale houses and and there will be four twomobility standard.

Sheltered housing project consists of 30 two-person flats three-bedroom and a two-storey, five-person warden's house.

Computer

UNDER a £1.8m contract awarded to John Laing Construction, a new computer centre is to be built for Surrey . County Council at County Hall Kingston upon Thames, Surrey. With a total floor area of about 25,000 square feet, the

centre will be built as an extension to County Hall. Work has just started and is: due for completion in the sum-

Trent gets £1m order

mer of 1981.

THE structural frame and clad-ding for civic offices in Halifax ham. Architects are The Hind is to be supplied by Trent Concrete of Nottingham under a £1m contract.

The five-storey building, which will provide a new centre for the Metropolitan Borough of Calderdale, is to be built on a town centre site in Halifax. Main contractor is Mowlem

Walter Lawrence

and plant house for Evershed and Son.

THE fitting-out and refurbishment of 82, Lombard Street, London, EC3, has been awarded to Walter Lawrence and Son by the Royal Insurance Company. Value of the overall scheme.

is £1.75m of which company fee is £196,000. Initial work on site has started and the contract is due for completion on November 31.

remainder housing battery and **Ewbank** auxiliary equipment rooms and assignments

INTERNATIONAL consulting engineers, Ewbank and Partners, announce that they were awarded 100 new assignments in the UK and overseas during

Capital cost of projects in hand exceeds £2,500m, and new design and engineering contracts (85 per cent of current workload is for clients abroad) were obtained from public supply and industrial clients in the Middle East, Far East and Latin America.

Fremeering contractors to the oil.gas.chemical. process and power generation industries.

New factory projects

CLARKE Constitution has been awarded a £1.3m contract to build a single-storey factory with integral two-storey office and laboratory block for Thorn

Woodhouse Partnership. Clarke Construction has also been awarded a £420,000 contract by Selkirk Metalbestos to build the first stage of a factory and office development on a 3.8-acre site at Mullacott, lifracombe. Redfern Gilpin and Rice are the architects.

IN BRIEF

 Photo Trade Processing is to have an advance factory built by the English Industrial Estates on the Goldthorpe Estate, Barnsley, South Yorkshire Worth over £300,000, the con-tract has been awarded to J. M. R. Weaver of Mexborough ● Maker of architectural ironmongery, T. I. James Giobous has secured a £250,000 contract for the supply of floor springs and door closers to Dormain

(Distributors).

Tribury Construction has announced three contracts worth. over £850,000; largest at £337,000 is for the construction of a new reinforced concrete. storage reservoir at King-ston St. Mary for the Wessex Water Authority, Bournemouth Borough Council has ordered E310,000 worth of timber groynes for its sea defence scheme, and a £205,000 contract by the County Council of Hereford and Worcester calls for the construction of three new piers and two deck spens. A new power tool hire centre has been opened at 5/7 Dysert Street, London EC2, by Agant Plant Hire.

NEW SCAFFOLD TUBE: ON CREDIT TERMS NO INTEREST CHARGES

TOBE TO 8.5. 1139 4 4 46p. per foot. Gelv. 57p. p

Teles: 8649; Deelay G. Telephones: South of England (File) (1979) 476(12. Sales (19705) 47422. London: 01-682-8941. Midlands: Chesterfield (19245) 852828. Glasgow. (041) 776 7871. Life Assurance Society Develop-

South Korea

Realism the key to revival

By Charles Smith For East Editor

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tory

SOUTH KOREA, in the words of a foreign banker in Seoul. the U.S. coupled with the curau-lative distortions of several followed President Park's death years of excessively fast growth suggest that democratic has been hit by both barrels of : are causing severe economic problems. Meanwhile the political structure created by the late President Park Chunghee has collapsed.

The resulting confusion has made foreign observers wonder. whether they were right to view South Korea as one of the most promising examples of economic development in Asia, if not in the world. Was the remarkable export-

led growth of the 1960s and 1970s just a flash in the pan, reflecting a temporary set of advantages that have now vanished? Or is it more reasonable to think of South Korea as a nation which has made genuine and impressive strides towards esonomic and political maturity but which has now found some awkward zig-zags in its path? The view taken in this survey

is that South Korea does have a future as a developed and politically stable community, but that that future is not so nearly within its people's grasp as at one time seemed possible. The 37m people of South Korea are highly literate and articulate, if not yet equipped with all the skills needed to operate

South Korea thus has the human resources needed for continued rapid growth although, like Japan, it lacks most of the material resources (including home-produced energy). What may be of still greater significance to the country's future is the fact that South Koreans seem impatient to move forward politically. The disturbances that led up to the assassination of President Park last October were a clear sign that an authoritarian system of government designed in the late-1960s no longer suited the more mature and articulate South

tations are stronger than ever. More than 90 per cent of the population of the country probably believes that South Korea should be ruled today by president elected through direct elections (in place of the indirect system enshrined in President Park's Yushin Constitution) and that the national assembly should be something

Little substance

body it has been in the past.

Political parties in South Korea, however, still tend to lack substance and political debate, in so far as it is allowed at all, revolves around simple black and white issues such as whether the country is really heading towards democracy, or back towards Park-type authori-

The disparity between a strong popular urge towards democracy and an almost total lack of the necessary institutions (coupled with the fact that adherents of the Dock with the fact that adherents of the Park system have stubbornly clung to posi-tions of power) has caused bloodshed and given the outside world the impression that the

a modern economy. They also seem to possess boundless ing into chaos. It is important energy and, in the next five to remember, however, that S. years, the numbers of them who kill be taking part in the adult labour force will be increasing at the phenomenally rapid annual rate of 3 per cent.

South Korea thus has the

If these expectations can be harnessed to realistic notions of the pace and speed of political reform, the results could begin to look more constructive.

The need for realism applies as much to the generals who advocate restoration of the Park system in all its authoritarian "purity" as much as to the politicans and students who have campaigned for "instant democracy." It also applies in the economy where the fabulous growth record of the 1970s seems to have turned the heads of the Koreans themselves as well as those of outside

The weak points of S. Korea's economic performance in the years from 1975 to 1979, or perhaps throughout the decade of on exports as the engine of (caused by a deliberately growth, a pre-occupation with quantity rather than quality and get rid of inflation). an inability to deal with the rate. More generally, Korea's seeing unemployment more than the rubber stamping

over-confidence.

When problems arose in the textile and light industry sectors because of the declining competitive strength of S. Korea world markets, it was assumed that the nation could invest its way" out of the difficulties by massive development of heavy industry. The investments were made (by the leaders of big business groups who were usually personal friends of the President and who therefore had good reason to believe that their projects

would not be allowed to fail). But markets frequently failed (as in the case of the S. Korean

In spite of the current unrest most South Koreans want to hold on to the achievements of the last 20 years and keep the country from civil war. They have a future as a developed and politically stable nation, but

40 per cent) and technology and infrastructure often proved harder to accumulate than the optimistic planners had ex

The economic problems which confront S. Korea in the economic growth include serious balance of payments weakness (generated by high oil prices but also due in part to weaken ing exports), high inflation (caused initially by production bottlenecks and subsequently by the 1970s, were an over-reliance oil prices), and unemployment

In the coming months the bottlenecks and distortions that Government will face the unen-were bound to result from a viable choice of letting the 12 per cent real GNP growth recession deepen further and economic managers, as well as above its already disturbingly its businessmen, can be high levels, or of reflating and criticised for simple and sheer allowing prices to start rising faster than ever.

Credit rating

Any policy that may be chosen seems likely to involve continued heavy reliance on overseas horrowing (which raises the question of just how much S. Korea's infernational credit rating has been damaged by the events of the past persuading But

bankers to lend money, or selecting the right mix of domestic credit policies, may to match production capacity not be the main test of success for S. Korean economic planmotor industry where capacity ners in the next few months. expectations and rampant con-utilisation is now well below Much more important will be sumerism in some parts of the

it is no longer almost within their grasp.

	
Area	38,022 sq mile
Population	37.02n
GNP	29,553.7bn Wor
Per capita 61	9,059.96 Won in 1978
Trade: Exports	7,286.6bn Wor
Imports	9,844.1 bn Wor
UK trade: Exports to UK	£269.7n

BASIC STATISTICS

Imports from UK

KOREA

ordinary Koreans what is wrong with the economy and why a period of belt tightening may be needed before things can start improving.

The Park regime, partly because of its authoritarian character, seems to have found it hard to educate the nation in the realities of its economic situation. Wages rose rapidly, particularly in the regime's final years when they overtook productivity and effectively forced S. Korea out of its main overseas markets. But dis-

parities between the earnings of skilled and unskilled workers inevitably appeared with the result that fast rising

the task of explaining to community contrasted with substandard conditions elsewhere. To correct wage disparities and to bring S. Korean costs back into line with those of

other "new" industrial nations, wage restraint, of the kind practised in recent years by Japanese industry, might seem to be in order. Wage restraint, however, calls for a mature and well organised labour movement and this,

again thanks to the authoritarianism of the regime, S. Korea has so far lacked. Under President Park, trade unionism was little more than a symbol of S. Korea's aspiration to look like a

nominees " stooges." management A movement for democracy erupted simultaneously almost winter with the campaign for political freedoms but has yet to achieve its objective. Until and unless it does, hopes that organised labour may acquire the "maturity" to understand the nation's economic problems could well be misplaced.

The need to democratise and educate the trade union movement while at the same time handling pressures for more freedom in the nation as a whole add up to a formidable set of challenges to the ingenuity and sensitivity of the western democracy, with actual Government. Unfortunately, union power resting mainly in the hands of Government

The Economy Ш IV Heavy Industry VΙ North-South Relations

CONTENTS

power in the six months since the death of President Park have much of either quality; but the interim rulers of the country do have two other things going for them which make their task easier.

Soviet East

ded in Soviet

make

ember

ı does

; will politi-ro its

oblem illu-

One is that many Koreans desperately want to preserve the achievements of the past two decades and thus do not want the country to degenerate into civil war. (A similar feeling probably did not exist. at least to anything like the same extent, in the years 1960-61 when the country last faced a major political crisis.) other card in the Government's hand is the supposed threat from North Korea.

Safety valve

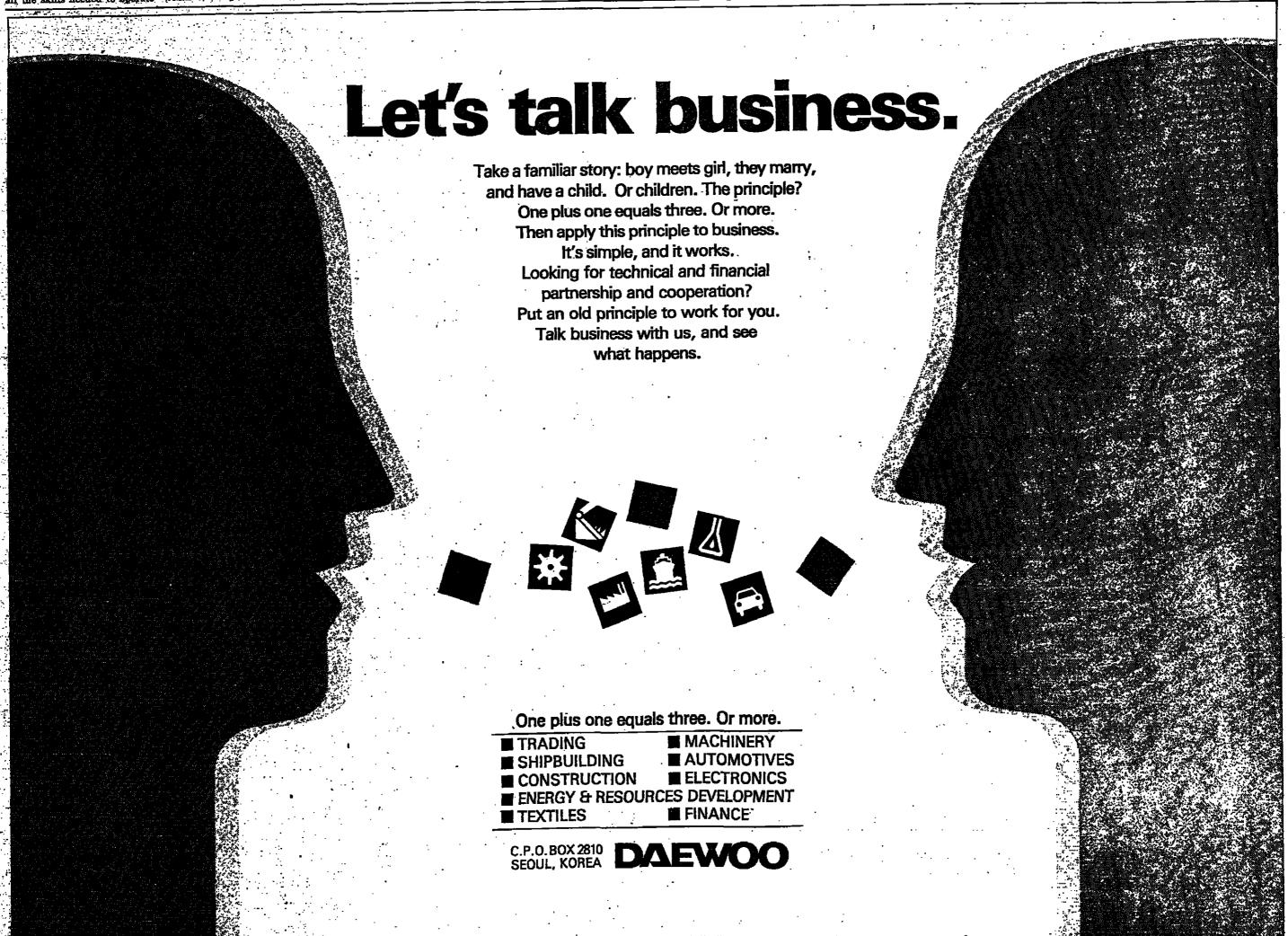
South Koreans seem to be unanimous in not wanting to see the Korean peninsula united uder Communist leadership and are likely to carry their internal disputes to a point where the North might be able to interfere effectively in the affairs of the South. This safety valve in the Korean political process does, however, have its limitations and its dangers. One danger is that the Government might be tempted to use the "Northern Menace" as a means of justifying its own harsh behaviour towards its opponents.
Signs that this was starting to

happen were disturbingly evident during the week long insurrection in the southern city of Kwangju when the Korean military acted with a brutality which no conceivable security risk could have justified.

S. Korea's allies, including the

United States, have looked on helplessly at the disturbances of recent weeks. In the coming months, S.

Korea will almost certainly provide its friends with agonising moments but also, perhaps, with some tentative grounds for hope. hopeful sign of all would be indication, preferably the next couple of within months, that the Government there is no reason to believe takes seriously its own timetable that the men who have held for moving towards democracy. takes seriously its own timetable.



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Overconfidence and bad luck led to a fall

ECONOMY

PHILLP BOWRING

MIRACLE-WORKING is a hazardous business which requires an easy liaison of hard work, faith, good planning and good luck. Having lived successfully but a trifle dangerously for a number of years, South Korea now finds that the pieces have fallen out of place.

The hard work is still there, and faith in the economic future so far has not succumbed to weakening of the political structure created by the late President Park which at one time was alleged, probably erroneously, to be the precondition for economic achieve- growth.

But there have been some poor decisions, partly attribu-table to overconfidence brought about by success, and partly to the atrogance which built up within the ruling bureaucraticbusiness-military elite. These been compounded by severe bad luck in the form of

the 1979-80 oil crisis which is forcing oil-dependent countries such as Korea to fight hard to stand still for the second time in a decade. The length and depth of the

U.S. recession remains conjec-tural. So too does the flow-on of that recession to other advanced countries. Most conjectural of all remains the level of activity by other middle-level countries, such as South Korea itself, which as a group are of increasing importance in maintaining world trade momentum. Korea's peculiar problem is that it has entered this recessionary phase at a more unfortunate juncture than in 1974-75.

Broad based

Meanwhile, populat expectations are much higher than they were five years ago, and the nation more urbanised. The one big plus however, compared with that downturn, is that the economy is now much more broadly based. Recently that has been more of a weakness than a strength.

But it will prove invaluable should the recession be long-lasting and force a major shift in the economy's direction. Trade recession for S. Korea

actually began last year, when countries such as Taiwan and Hong Kong were continuing to show double digit real tradegrowth. By contrast, S. Korea's exports in real terms fell by 3.7 per cent, a remarkable collapse when viewed against the 25 per cent real export growth rate achieved during 1970-78.

The actual performance in 1979 may have been exaggerated by a change in export composition and use of a rather high deflator for exports of 18 per cent. But it was still very disappointing at a time when real growth of world trade was contiouing.

Meanwhile, the economy overall grew ? per cent in 1979, compared with 11.6 per cent in 1978 and an average of 10 per cent for 1970-78. However, a major reason for the poor export performance hes in the gap between it and overall GNP

Plunging

In almost all preceding years exports had grown significantly faster than GNP, reaching a peak of 37 per cent of GNP in 1977 before slipping to 36 per cent in 1978 and plunging to 32 per cent last year. The export/ GNP performance gap was all the more remarkable given that imports, led by oil, rose 31 per cent in money terms and 10 per cent in real terms.

The root cause of the problem was wage rises of 35 per cent in 1978 and 1979. These were way ahead of increases in consumer prices, officially reckoned at 16 and 21 per cent

rates of seriously reduced South Korea's competitiveness in international markets, particularly in those light industrial goods in which Korea had previously dominated cheap, volume pro-duction, making up with lower prices for the lower quality and generally less flexible production ability compared with Taiwan and Hong Kong. While South Korea lost ground in traditional exports its move into high value added, capital intensive heavy engineering and chemical exports was held up by a variety of factors.

Government finally faced up to the problem with a 16 per cent devaluation of the Won in January. The sub-sequent linkage of the currency to a basket has enabled it to slip gradually downward at the rate of around 1 per cent a

The Government says that devaluation is bearing fruits already, with exports in the



A bustling scene in the centre of Seoul.

first four months of 1980 up on ment boom. a year ago, only slightly behind imports despite the further Jeans in the oil price. That may be a premature assessment. The devaluation may have come too late to win back in February, the Government market share in the U.S. at least before the recession took of \$5.5bn and a current hold, but better late than account shortfall of \$4.7bn never. It should at least prevent further market share

The second impact of the steep wage rises was that real wages rose markedly, even allowing for some understatement of consumer price increases in the official figures resulting in some diversion of resources from exports to the buoyant — and profitable demestic market.

An investment boom added to demand pressures, with fixed capital investment rising by 10 per cent and gross investment reaching a record 36 per cent of GNP.

The January package of devaluation and a sharp rise in interest rates was designed to achieve a sharp resource shift. The GNP growth target was reduced to the 3-5 per cent range, to be led by exports with a 10 per cent gain. Conremained almost stagnant and fixed investment actually fell by 5 per cent.

In the process it was hoped to bring the inflation rate down to more acceptable levels by the end of the year. In the short term, devaluation would clearly add to imported inflation fac-tors and a 23 per cent increase in consumer prices was forecast, compared with 21 per cent in 1979, falling back to 12-15 per cent in 1981 as domestic deflation got the upper hand. However, achievement of the targets has been looking increasingly

unlikely. Annualised consumer price increases in the first quarter of over 30 per cent helped spur a rash of 30-40 per cent wage demands and the uncertain political climate caused Government and employers to adopt a conciliatory attitude to them. Though Government employees were held to a 15 per cent rise. many private industries have been paying 30 per cent.

The problem for the Government is that real wages must fall in the short term if there is to be a return to economic equilibrium, That is difficult to achieve in the current political climate.
However, the Government

has been tough in some areas, Huge increases in petrol and utility prices, more than reflecting oil price rises, checked energy use and delivered a massive blow to the fast growing motor industry.

Despite turmoil on the labour font and poor prospects for an early cut in inflation because of wage push, some of the Government's medicine appears to have been working. GNP cause some concern. For actually fell in the first quarter nately, however, South Korea actually fell in the first quarter nately, however, South Korea actually fell in the first quarter nately, however, South Korea actually fell in the first quarter nately, however, South Korea actually a rise in exports as con-. remains a favoured borrower sumer demand succumbed to from the World Bank and ADB inflation and capital spending due to its ability to use loans to high interest rates and a quickly and effectively. And natural tailing off of the invest- most of the huge borrowing

process might have worked its way through quite quickly under normal circumstances. But things are not normal. Back was forecasting a trade deficit industries has saddled the compared with \$4.3bn and \$3.9bn respectively in 1979. Gross borrowings would be \$7bn, but only \$1.7bn would be needed in term loans from

commercial banks.

South Korea's adjustment

So far, visible trade has been slightly above forecasts—though it could yet succumb to a U.S. recession. The problem has been with the services account. Earnings from Middle East construction projects have flattened out as competition has increased and oil nations have slowed the growth of their development projects. Tourism has been hurt by the political unrest. Interest payments on foreign debt-roughly half of the \$21bn total is estimated to be at floating rates—have

At one time the Government forecast that the high Libor rate would add \$400m to a projected \$1.8bn in interest and to finance. The spending boom dividend payments this year. was very inflationary and made Libor has since eased,

needed to finance its nuclear deliberately held back to energy programme over the next five years has already been secured, and at fixed rates.

Past spending has not been so wise. The dramatic surge into heavy and chemical nation with a heavy debt and returns from some of the industries will be slow to materialise. Over-capana, colossal in shipbuilding, heavy its lower capital necess, colossal in shipbuilding, heavy its lower capital necess, and electrical, steel fabrication and historical performance, and electrical, steel fabrication and in some greater job creation role. industries.

This is not merely a case of recession having overtaken the investment programme but of more structural errors. Gross investment reached a remarkable 36 per cent of GNP last year compared with a still very respectable average of 29 per cent over the previous five

But there is no doubt that much of it was force-fed by the Government urging major groups into massive ventures, luring them with promises of favours and of easy access to capital, both dollar and won at cheap rates.

The credit expansion needed was very inflationary and made but nonsense of South Korea's oft interest is still a heavier than repeated objective to bring

the subsidies to heavy industry

and the export sector began to

become clear as growth of both exports and GNP waned while

capital spending boomed. Reali-

sation of the need to reduce the

distortions, stop handing out

subsidies to American con-

sumers, and generally make the

economy more susceptible to

market forces, came last year-

before the death of President Park. It includes a rationalisa-

tion of interest rates and a

slightly more open attitude to foreign ownership of industry.

In retrospect, the capital spending has been a remarkable

achievement. Even last year, when high capital formation coincided with the oil shock,

foreign savings contributed only

18 per cent of total investment.

The average for the three pre-

ceeding years had been under

10 per cent. The achievement is all the more remarkable as

it was against a background of

rapidly rising military spending

as the nation strove to increase

self reliance because of fear of U.S. withdrawal

able achievements was however.

that, though real wages rose

growth should the

recent years. Export weakness

Indeed, the self reliance drive was behind some of the military

Remarkable

release skilled workers and building materials supplies for the Middle East.

This is the "alternative engine of growth" strategy which was being discussed even before the world outlook took a turn for the worse. And whether for home or overseas markets there is a shift back to rate is now down to 1.5 per cent the workforce is growing

.at:3 per cent. There are obviously very finite limits to which a country so dependent on imported raw materials and energy can boost domestic demand without running into balance of pay-ments problems. But the old strategy of export at all cost and investment in heavy industry is no longer working so well. A shift in emphasis is inevitable.

Political sense

Another structural problem but one less likely to be tackled is agriculture. The Park Government, was always adamant that rural areas should enjoy the fruits of expected burden, a timely inflation down to single figures. growth by paying high prices for heir produce. High prices als encouraged production and reduced food imports. It also made much political sense, particularly in earlier years when the rural areas were still

in the majority

But South Korea is now saddled with very high prices being paid to farmers." cost is borne partly by consumers through the prices they pay directly and partly by the community at large through

Grain and fertiliser subsidies now run at Won 400bn. Thes are extra-budget items, so even if the Government succeeds this year in meeting its tionary" target of a balanced budget, this item, which amounts to some 7 per cent of the budget, will continue to be

a major inflationary factor. It has almost reached the point where finance officials pray for a bad harvest to keep down the size of the subsidy. The subsidy has become institutionalised that it will take a determined Government to assault it. With unemploy ment on the rise it is now also being argued that high farm prices are desirable because they will slow urban migration.

But meanwhile the urban classes are clearly paying heavily for farm prosperity and South Korea is heading for a Japanese situation of a high level of self sufficiency but with consumers paying several times the world price for staples such small relative to the broader economic damage being done. This is another area where a would have both long and short term benefits

As they go about the hard task of digging their way out of oil crists, U.S. recession, political ferment and raging inflation, South Rorea will be ment which in plain economic on Taiwan. The island orphan something of a milistone.

The receiver industry invest-keeping more than half an eye on Taiwan. The island orphan state has always been seen as a rival in the second s a rival in trade and there has The result of these remark been an attitude of "keeping up with the Joneses" on both

significantly, they lagged way behind GNP growth. Korea may Until recently, South Korea normally thought of itself as being ahead, with faster allbe paying the price now with labour and political unrest. round growth and a more ambitious heavy industry pro-The heavy investment boom has, however, improved Korea's gramme. But now there is con chance of developing a viable siderable respect for Taiwan's quieter ways. world

But a shift of emphasis and market suffer prolonged stagna a change of pace may be diffition. And in the face of a cult in a society which has foreign exchange shortage a grown used to living danger-reasonable level of grown ously and achieving the could probably be maintained impossible. Recent events have with a much lower level of shown that the incredible is capital goods imports than in also possible—that South Korne. recent years. Export weathers could turn against usen and may anyway coincide with destroy much of what has been strong domestic pressure for built-up. But so long as it does much increased social spend-not, there seems little doubting, particularly for housing that its long term economic which in recent years has been future is still bright. could turn against liself and

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not normal. reminder to the nation that it Many of the new industries not the natural order of were import substituting. They things for real interest rates on enjoyed protection that the earlier wave of light industries international markets to be negative. could not afford because they The current deficit could well had had to make their way on top \$5bn this year. That should world markets. be fundable. South Korea's debt The distortions introduced by

South Korea's adjustment process might

have worked its way through quite quickly

under normal circumstances. But things are

per cent, and its debt to GNP ratio around 24 per cent. It has arranged a standby of SDR 640m from the IMF over the next two years—its limit from both ordinary credit tranches supplementary financing facility. Apart from anything else, this should help it keep away from

service ratio is still only 13-14

the Euromarkets temporarily if political unrest necessitates delays in some big intended borrowings—such as the \$600m the Korean Development Bank will be looking for this year.

South Korea's position raises the whole question of the debt problems of middle income Its difficulty, in statistical terms, is relatively, small compared with many others. But the sheer size of its borrowing needs and worries over country limits for individual lending banks must

PROJECTIONS FOR	1980 AI	ND 1981	
	1979	1980	1981
Growth in GNP (%)	7.1	3-5	7-8
Growth in total consumption (%) Growth in fixed capital	6.8	3.1	6.4
investment (%)	9.6	. ~5.0	7.2
Total labour force ('000s)	14,408	14,886	15,362
Employed	13,834	14,094	14,695
Unemployed	574	792	667
Unemployment rate (%)	· 4.0	. 5.3	4.3
Increase in wholesale prices (%)	23.8	27-28	. 12-15
Increase in consumer prices (%)	21.3	22-23	12-15
Increase in monetary base (%)	23.8	10.0	10.0
Increase in money supply M1 (%) Increase in broad money	20.7	15.0	15.0
supply, M2 (K)	24.7	20.0	15.0
Current account (\$bn)	-3.9	-4.7	-3.5
Trade balance	-4.3	5.5	4.5
Exports	14.7	17.0	21.0
_ Imports	19.0	22.5	25.5
Invisibles and net transfers	0.4	0.8	1.0
Net long-term capital inflow	2.4	2.5	2.5
Net short-term capital inflow	0.8	1.0	0.5
Overall balance	-1.0	-1.2	-0.5
Bank borrowings (net)	1.8	1.7	1.0
Foreign exchange holdings	5.7	6.2	6.7

alternative to its export-led

CHARLES SHITH

still working to undermine what seems an extremely fragile set of political and

A cabinet composed largely

former members of the armed

forces holds office under President Choi, but does not have

responsibility for security. This is the concern of the Martial Law Command, a purely military organisation which was also established after the assas-

sination but whose powers have been drastically extended.

When martial law was first

imposed it applied to mainland

administrative institutions.

Caretaker regime

of political ferment.

civil war.

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Korea, but not to the island province of Cheju-do, an arrangement which had the important consequence of making the Martial Law Command responsible to the cabinet.

When martial law was extended to the whole nation after the riots of May 14 to 16, the Martial Law Command became directly answerable to the President. This, coupled with the arrest of two dozen prominent politicians and other public figures, was the visible symbol of a drastic encroachment by the military on the

rights and powers of the

civilian Government

ationwide martial law is that all political activity is prohibited banned unless expressly allowed by the military authorities. include full Press censorship (not self-censorship by news-paper editors of the type enforced under President Park) and a ban on the criticism of the country's present leaders or

applied is thus at least as inhibiting as the notorious Emergency Measure Number 9, a ruling infroduced by President Park which made it a punishable offence to criticise the restrictive Yushin Constitution (except inside the National Assembly). The withdrawal of "EM 9" last December was regarded, at the time, as a significant step towards liberalisation of the political system.
The Yushin Constitution

itself, providing for indirect presidential elections and presilential nomination to one-third of the seats in the National may prove hard to get rid of. students stemmed from

The reason the liberalisation several hundred returned to go back to living on claim to represent a section of that started after Park's death students expelled from the cam-vegetables. went into reverse at the begin- puses for political offences dur-

going too far and too fast. modern history, starting with a campaign against Japanese colonial rule in the 1920s. They It was more or less under month, when tens of thousands of students took to the streets of campus activity at the start of the year by organising demonstrations against educational abuses but gradually country has appeared at times to be testering on the edge of political issues control until the middle of last to be teetering on the edge of political issues,

The bloody clashes in the Seoul universities mounted a In April, students at several south-western city of Kwangin campaign against compulsory during the third week of May national service. This was cost more lives and engendered followed, in May, by demands more real hatred than anything for lifting the limited martial that has happened between law which had been in force North and South Korea during since immediately after the the 17 years since the end of Park assassination. The students since immediately after the as a disciple of the late Park assassination. The students President who felt a sense of also demanded faster constitupersonal outrage at the tional reform than the Govern
"desecration" of the President's of the moath the Army had tional reform than the Govern-re-established control in ment plan, which provided for Kwangin and a superficial calm a new constitution by the end Kwangin and a superficial came a new half of the whole of the year and elections in the backet the surface, first half of 1980. Their however, explosive forces are demands were backed by a marking to undermine threat to organise street demonstrate in Seoul (a direct to the surface). strations in Seoul (a direct breech of martial law) if the Government failed to comply.

The students duly demonstrated when the Government failed to accept their main demands (despite such minor Officially, Government is in the hands of a caretaker regime headed by President Choi Kyu-Hah, a former diplomat who concessions as a marginal speed-ing up of the constitution drafting process). After two days of massive but peaceful demonwas Park's last Prime Minister and who was hastily installed strations a meeting of student as his successor after the assasleaders voted to allow a "grace period" before calling further demonstrations on May 22. of retired bureaucrats and

Their conditions for not going ahead with the second round included the resignation of Prime Minister Shin Hyon-Hwack and of General Chun Doo-Hwan, the head of Military Security and acting head of the Korean Central Intelligence

Military action

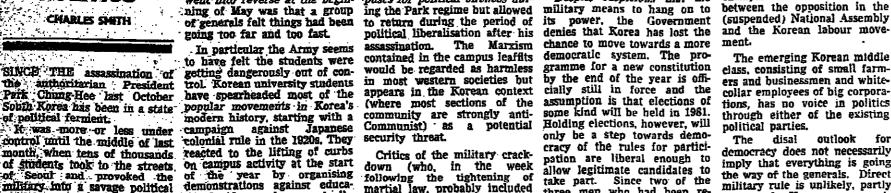
demands that the Military decided the time had come to clamp down, not only on the students, but on a number of politicians who had been demanding faster progress towards democracy.

The politicians arrested in the clamp-down included the popular opposition leader. Mr. Kim Dae-Jung (who was alleged to have incited the students to "rise up" against the Government), and the leader of the Democratic Republican Party, Mr. Kim Jong-Pil. The arrest of Kim Jong-Pil, a former Prime Minister and close associate of desire to suggest impartiality between left- and right-wing

personal antipathy. Since the Army moves, argu-ment has raged between those who believe the crackdown was to some extent justified and those who see it as a gross overreaction, to what should have

Defenders, of the decision to lighten up martial law, includ-ing the military themselves, make two basic points. One is stands ready to take advantage of di sorders in the South by sending infiltrators, who can b because of language similarities. The other is that the student activity leading up to demon-strations of mid-May revealed signs of "radicalisation."

Radicalisation here means the terminology into the pamphlets Assembly, is still in force and towards radicalisation of the



Explosive forces still at work

most ordinary Koreans) admit the, possibility of northern military had other motives for acting. These seem to have included scepticism about Korea's readiness for democracy and a desire to perpetuate some aspects of the Park system. General Chun Doo-Hwan, in particular, is regarded

memory after his death. A natural desire to cling to power on the part of those who once enjoyed it presumably may also have helped to tip the balance. An old Korean proverb which was being freely quoted before and after the crackdown says that monks who have

only be a step towards democracy of the rules for particidown (who, in the week following the tightening of take part. Since two of the most options. From the participation are liberal enough to allow legitimate candidates to take part. Since two of the most options. garded as possible winners of a direct presidential election are under arrest and seem unlikely to get back their politi-cal rights by the middle of 1981, the prospects for a meaningful presidential race can only be regarded as dubious Short on policies

Another snag about "democratisation," which pre dates the advent of maritla law, is that Korean political parties appear to lack substance. The main cannot continue for too long is political groups, the Democratic that the Korean people strongly Republican Party (originally desire a more democratic founded by President Park) and the opposition New Democratic Party are short on policies and long on personal loyalty to the men who lead them. Neither

the Korean community-for Despite suspicions that the example links are non-existent (suspended) National Assembly

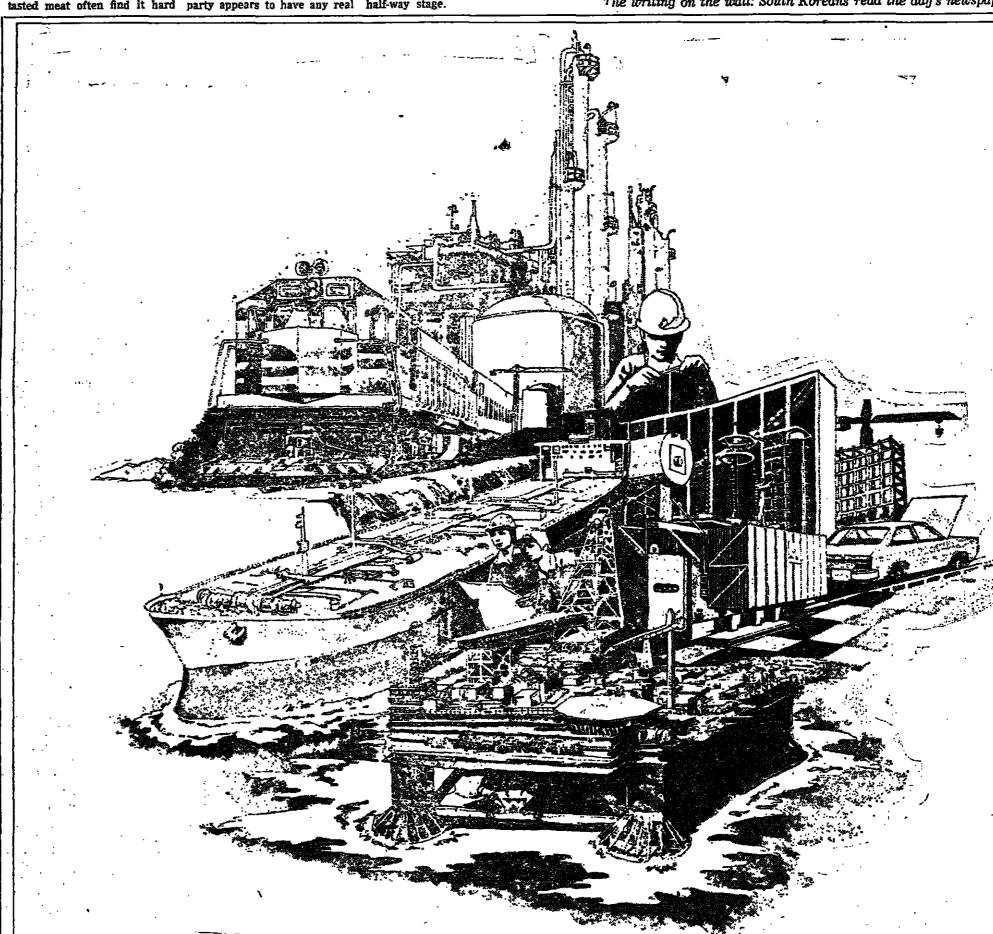
> The emerging Korean middle class, consisting of small farmers and businessmen and whitecollar employees of big corporations, has no voice in politics through either of the existing political parties.

The disal outlook for democracy does not necessarily imply that everything is going the way of the generals. Direct military rule is unlikely, partly because the Korean economy is far too complicated to be presided over by a committee of soldiers and partly because General Chun, the most powerful figure in the army, seems to lack the capacity to become a national leader. This means Korea will remain for the time being in a state of uneasy transition with a Cabinet of civilians operating under the shadow of a powerful and interventionist military.

The reason this situation cannot continue for too long is system and are sufficiently articulate to make their demands heard. Sooner or later the country will have to move forward from its uneasy



The writing on the wall: South Koreans read the day's newspape 3



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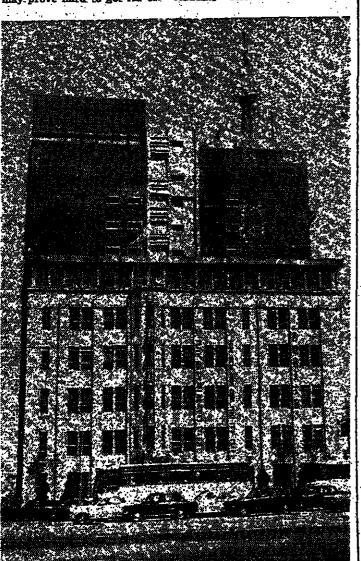
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Second industrial revolution' takes a hammering

HEAVY INDUSTRY

PHILIP BOWRING

ONLY A year ago South Korea saw itself in the midst of a "second industrial revolution" involving a massive shift of resources into heavy engineer. for giant projects." ing, chemicals and other basic the nation into a broadly based Ulsan petrochemical plants and economic circumstances but to soak in the Koreans' justificals of the political situation.

Today the enthusiasm is very muted. The heavy industry sector has fallen from gracea victim (according to one's point of view) either of the bad luck of the energy crisis and the world economic downturn or of what one influential economist, Dr. Kenneth Park of the Government-funded Korea International Economic

Institute, recently called

The "second industrial industries. These were to turn revolution" has not, of course, come to a standstill. It cannot industrial (and military) power- because it has been given house. Foreign journalists massive momentum in the form were rushed to view such of physical capital and massive undertakings as the technical education. But its Okpo shipyard, the Changwon speed and direction are underengineering complex, the going very critical reappraisal Pohang steelworks and the in the light not only of changed

areas of industry.

the centre of South Korea's 1980 includes the following of 60,000-barrels a day oil reindustrialisation programme.

But in the more plural political Integrated machinery plant in foreign currency. links with government have become less direct. At the same time these groups have been feeling the effects of the tight money policy.

Both the extent of the rush into heavy industry and the thalic acid plant for Samsung speed with which the brakes Petrochemical costing \$120m, have subsequently been applied half in foreign exchange.

Government with cheap credit Projects to be commenced this Additions to cement capacity and tax concessions but in turn year include not one single totalling 3.8m tonnes a year, to took up the challenge of the major manufacturing venture; cost \$250m—principally involvents investments in the new the eight listed are all in power ing a 2.8m tonnes expansion by generation, other infrastructure Scangyong Coment

Those groups — the best and agriculture.

known are Samsung, Hyundai In contrast, the list of major plant f and Daeweo—will remain at projects to be completed in \$108m.

climate prevailing after the of Hyundai International costdeath of President Park their ing \$530m (of which about 45 per cent involves foreign currency).

● The Okpo shipyard of Daewso Heavy Industries, capable of building 1.2m gross tonnes a year. Cost is about \$275m, with the foreign currently around

100,000-tonnes-a-year telep-

ing a 28m townes expansion by

and agriculture.

In contrast, the list of major plant for Toughae Pulp costing

in foreign currency.

Other major heavy industrial projects include expansion of the Pohang Iron and Steel's capacity from 5.5m to 8.5m tonnes with an investment of \$1.4bn, two oil refineries with a total capacity of 250,000 barreis-a-day, and a styrene mono-mer plant for Ulsan Petro-

The impact of the moratorium on major heavy and chemical industry projects is likely to be felt more next year than this as projects in the pipeline are completed. In areas where there is duplication (as in heavy electrical industry) existing investment programmes are being "re-adjusted" and the tightness of money has slowed other projects. But generally the existing projects, such as the Okpo ship-yards, are being completed so that they can make some contribution to production even if order books are quite inade-quate for profitable operation.

Total capital formation this year is expected to fall after two years of very rapid growth. But though recovery is forecast for 1981 it is likely to be concentrated on housing infra-structure and light industry. Heavy industry will have a slimmer's diet for two-three

The malaise of the heavy, chemical and machinery sectors is not universal but it is widespread even in those areas of proven achievement. It results from the convergence of a number of unfavourable factors. First is the energy crisis. Higher oil costs in themselves will inhibit consumption of petrol and of oil-based products, regardless of what happens to

the rest of the economy. The energy crisis has also caused South Korea to reconsider the long-term competitive position of its petrochemical industries, especially those with export ambitions, in a situation where it is paying high prices for oil and gas feedstocks while other producers have access to cheaper feedstocks from domestic sources.

Quite apart from price, there is the problem of access to supplies of hydrocarbons—a particular problem for Korea because of its delicate international position and distance from suppliers.

Energy cost and supply fac-tors also have a major bearing on the desirability of encouraging energy-intensive industries such as non-ferrous metals. Past policy has generally been to aim for self-sufficiency as in copper smelting. But a zinc smelting project has been shelved and for its aluminium needs Korea is looking to involve itself directly in a smelting project in an energyrich, not-too-distant and politically stable (it is hoped) country such as Malaysia or Australia.

Next come money costs and availability. Heavy industry is capital-intensive, and has been successively hit by rising dollar interest costs on imported equipment, higher all-round interest rates for domestic funds in won and Government moves to reduce the interests subsidy to priority sectors including heavy industry and exports. Working capital has been hard to find, so companies have cut back their fixed capital commitments. The Government has encouraged greater reliance on equity capital and retained

Deterioration

The oil price rise and sharp deterioration in the terms of trade have had a significant mpact on real wages, which had been rising very fast. The most obvious sufferer has been the motor industry, which boomed in 1979. Its subsequent recession has had a big impact on component manufacturers and machine tool demand. In many new products South Korea has had greater difficulty than it expected in establishing a niche in the world market because of weak external demand, higher than expected local proweak external demand, duction costs, poor quality, and lack of overseas familiarity with or trust in—Korean brand

Again, the country has indulged, it seems, in excessive investment. Even allowing for the difficulty in forecasting the latest oil induced problems. some investments, including those in shipbuilding, heavy electricals and motors, seem to have been out of all proportion to any reasonable estimate of medium-term sales growth. Rivairy among the big groups has led to much duplication of investment while protection of the domestic market has resulted in oligopolistic ten-

Some investment also seems to have been premature. Koreans have learned the basic industrial skills quicker than any other nation in history, but ambition sometimes outruns the speed of learning.
To compound existing prob-

iems, the rate of growth of the Gross National Product (GNP) has slumped from its once customary double figure show-

became associated with a small are well illustrated by the • \$5,000-tonnes paraxylene ing. This is not just a short- with the decreased likelihood of little outside help (that mostly group of giant undertakings Economic Planning Board's list plant for Korea Hapsum cost- term situation. Medium-term an early withdrawal of U.S. from Britain) and no domestic which were favoured by the of major projects for 1980. ing \$60m. growth rates are also being forces from the Asian mainland, market to fall back on Ship. drastically reappraised. Origin-military requirements are likely building has been seminal for ally it was expected that GNP to receive less emphasis. Korea's heavy industry and the ally it was expected that GNP to receive less emphasis. grawth would continue to

tong term and the heavy and widely differing circumstances marine diesel manufacture—chemical industries expand at that face different industries, though these are areas as manufacture—them are the per cent. Their share of themselves indicating and the share of themselves indicating the share are areas. 16 per cent. Their share of themselves indicative of some of manufactured output was South Korea's strengths and expected to rise from 44 per weaknesses. - Steel is a particularly capitalcent in 1975 to 54 per cent by

'Koreans have learned the basic industrial

skills quicker than any other nation in

history, but ambition sometimes outruns

rialisation has been based on It will be located at Asan Bay.

example, many shipowners are

happy enough to buy their hulls

in Korea but insist on Japanese

or other foreign engines and equipment even when a cheaper

Much of South Korea's indust-

manufacturing foreign designs under licence, usually with some form of technical co-operation

agreement. However, the licen-

ces are very often for older designs which are adequate for

the domestic market but have a hard time competing with newer technology products in foreign

Foreign companies seldom have a driving interest in help-ing their licensees master pro-

duction technology. South Korea has wherever possible.

avoided joint ventures and it is

very rare for a foreign com-pany to be allowed control (the

exception is in the export pro-

cessing zones). A more liberal

attitude to foreign direct invest-

ment has lately been announced, however, and the Government

joint ventures in the motor and

machinery industries. But the

A further and self-induced

problem for some would-be ex-

porters is that-as in the motor

industry—they have used a

secure domestic market to sub-

sidise export sales. Enthusiasm

for exporting tends to wane when domestic market profits

Finally there is employment. Years of rapid growth have allowed job creation to keep

well shead of workforce growth

despite the big shift of popu-

lation to urban areas. Declining

growth is causing unemploy-

ment to become a significant

issue. With capital and foreign

exchange scarce, there is naturally a greater emphasis on

the generation of employment

This long litany of problems

chemical and engineering indus-tries are a massive disaster area.

and it is not unreasonable to predict that within a generation

it will have caught up with

Japan in many areas. However,

the march is now more uphill than had been thought.

weapons production. That is a

Criticism of the over-empasis

through less capital-intensive

foreigners are holding off.

particulariy

are squeezed.

industries.

markets.

Korean version is available.

the speed of learning.

1981 and 60 per cent by 1986, intensive industry but one is the one where hopes were and their share of exports from which can be regarded as suc among the highest—wehicles A 36 per cent in 1975 to 50 per cessful. It requires a relatively cent by 1981 and 64 per cent small number of skilled workers and is an industry where top It is still possible these goals class modern plant can offset incould be met. But, prudently Output of Posco is currently much downward readjust-

5.5m tonnes a year. A billion dollar expansion with ment is now in process. Even if the long-term goals are achieved the short-term outlook is for come into operation in a year's sharply lower growth and a time will bring capacity up to steep cutback in investment. 8.5m tonnes by 1983. Depending on how demand grows, the expansion is more likely to reduce than increase S. Korea's participation in the international steel Apart from the weakness in heavy industries are also suffering from flagging world demand, high input costs for petrochemicals, the uncertain quality of some of the products trade. Currently the country is still a net importer, buying 2.8m tonnes last year and sell-

and often be more concerned per cent up to 1990, a second with reliability than price. For steel mill was planned to start

Generalisations about the broad sector also obscure the spur to big steps forward into

> slower than once hoped. Perhaps the most depressed of all sectors at the moment among the highest-vehicles. A domestic market boom last year has collapsed in the face of the very sharp rise in petrol prices

and a faltering economy. Output was 200,000 vehicles last year and had been expected to hit 280,000 this year, of which Hyundai would produce 103,000; Kia 70,000, Sachan 80,000 and the three makers of heavy trucks, buses and military vehicles 11,000. Exports would reach 40,000. But estimates have been drastic. ally scaled down to only 120,000 vehicles including a mere 12,000 in exports.

South Korea is now producing, and the fact that Korean names are mainly not coil; tig sections are not always well-established. and special steels. But the Posco recession is discouraging Light industrial and consumer goods can often sell only on price. Buyers of capital equipment tend to be conservative and often be more concerned par cent up to 1990. a second for a Braids Date of the producing additional exports. Far from spuring additional exports the domestic exports because these have to be subsidised by the relative producing and the fact that Korean names are mainly not coil; tig sections export effort, the domestic exports because these have to be subsidised by the relative producing and the fact that Korean names are mainly not coil; tig sections export effort, the domestic to be subsidised by the relative producing and the fact that Korean names are mainly not coil; tig sections export effort, the domestic to be subsidised by the relative producing and the fact that Korean names are mainly not coil; tig sections export effort, the domestic to be subsidised by the relative producing and the fact that Korean names are mainly not coil; tig sections export effort, the domestic to be subsidised by the relative producing and the fact that Korean names are mainly not coil; tig sections are producing and the fact that Korean names are mainly not coil; tig sections are producing and the fact that Korean names are mainly not coil; tig sections are producing and the fact that Korean names are mainly not coil; tig sections are producing and the fact that Korean names are mainly not coil; tig sections are producing and the fact that Korean names are mainly not coil; tig sections are producing and the fact that Korean names are mainly not coil; tig sections are producing and the fact that Korean names are mainly not coil; tig sections are producing and the fact that Korean names are mainly not coil; tig sections are producing and the fact that Korean names are mainly not coil; tig sections are producing and the fac for a Hyundai Pony saloon. The present capacity of the motor industry is 350,000 cars on the basis of a 10-hour day and manufacturers and component makers had been planning for a dramatic rise in output to pass the 1m mark by

Investment lies idle

Sooner or later rising income will outdistance energy costs

The car industry has struclems. There are too many manu-

consumption is at present 220 kilos, only a third of the Japanese figure. In addition to Posco, S. Korea markets. has a number of small steel-makers using scrap. Because of the volatility of scrap prices these companies are looking at ways of substituting sponge iron and have considered investing in sponge iron production over and assure that South Korea in sponge iron production over-

shipbuilding—is also basically tial launching pad for challeng-successful. Its characteristics ing Japan in Asian car markets. are different. It requires a large labour force of skilled workers. But the skills required for welding and rivetting super-tankers and bulk carriers are fairly easily taught en masse rather than absorbed through

It is an ideal industry for Korea Unfortunately it is also an industry which is highly cyclical and very competitive, partly because many countries subsidise their yards. Finding initial success and determined to take over from Japan the lead in this labour-intensive business, S. Korea invested massively in new yards. Capacity will soon total some 3m tonnes

Last year saw a sharp recovery in orders from a dismal 1978 level but they still only totalled 1m tonnes, a creditable enough achievement except in relation to capacity. Koreans have found that though may suggest that the heavy, the Japanese have much higher chemical and engineering indus- labour costs they are flexible. tries are a massive disaster area. innovative and long ago wrote That is not so. South Korea's of their capital costs. Further industrial march will continue more, through a combination of lack of capacity or lack of buyer confidence in quality, most engines and equipment for Korean-made ships are imported. Local content averages only about 50 per cent of the

on heavy industry must also take account of the fact that it was partly spurred by a desire for greater self-sufficiency in sceptics should reflect that, whatever the current problems, gain that cannot readily be measured. But following the death of President Park and outrageous adventurists when they first launched themselves they first launched themselves in good stead if world trade into supertanker building with goes into prolonged recession.

construction by 1982. But that has now been put back, probably and high taxes on cars. But meanwhile much investment will lie idle. by as much as 3 years. Originally big private sector groups were hoping to be allowed to own it but it now seems most likely to be another Posco plant.

tural as well as demand probfacturers in an industry where scale is all important, and the accounts for 50 per cent of steel usage) and exports to S.E. Asia and the Middle East are keeping the industry busy and with S. latest technology is seidom for Korea at the point where the sale. Energy saving, pollution control and other requirements have increased the importance of technology in the motor industry in recent years and will delay the day when South Korea is a serious challenge in world

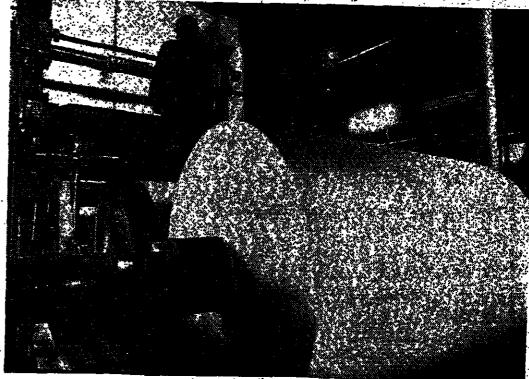
A shift in emphasis now under-way to encourage foreign investment may have come too late to be attractive to the will develop as a large market The second largest steel user in its own right and be a poten-

> The problems of the vehicle industry have had wide reper-cussions throughout the machinery and engineering industries lems ranging from lack of orders to shortages of skills, orders and money.

These have compelled a number of mergers, including that of the relatively successful Hyundai Heavy Industries with the troubled Hyundai Inter-national, which had invested heavily in a manufacture of heavy power generation equipment at Changwon.
The chemical industries—like

steel, mainly very capital-intensive plants producing intermediate goods for local industry-have been successful in producing goods at competitive prices. However, excess capa-city in some areas, and the high cost of money, have caused major difficulties for some companies. Aid has had to be injected from the national Investment Fund and new capital injected by such institutions as the KDB.

There are very clearly been serious misallocation of resources to the heavy, chemical and engineering industries. But in the process Korea has acquired a lot of very impressive plant and equipment which will not be permitted to rust In time the excess capacity away New uses are being found will be absorbed. Meanwhile, for some of it and workers are gaining practical experience. South Korea is developing a the Koreans were regarded as much greater degree of selfsufficiency which will stand it



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Accommodating the economic downturn causes problems

FINANCE

PHILIP BOWRING

THIS IS not an easy time for the banking system in S. Korea, which is facing a variety of simultaneous challenges.

First, only a year after being buffeted by the collapse of the Yuksan group, it faces the problem of accommodating the severest economic downturn the nation has had for many years. In no country is a quick switch from double digit growth to near zero growth easy to ab-sorb, and for S. Korea's banks it is exacerbated by the high gearing characterising most S. Korean companies.

At the same time, the banks are a focus of the Government's attempt to reduce inflation, and keep a lid on domestic credit and dampen demand and im-

The Government is also at least in theory, trying to liberalise the economy to make it more subject to market forces and less rigidly bound by cen-tralised decision-making by the Ministry of Finance, the Econ-omic Planning Board, and the Ministry of Commerce and In-

dustry.
In this liberalisation, the commercial banks are to acquire more individual autonomy. At the same time banks and other financial institutions are sup-posed to be developing their range of services to better reflect the sophistication of the industrial and commercial sec-

The commercial banks however are not going to saccumb to the pressures and problems. They remain more a part of government than of the pri-

In theory, the Bank of Korea "kerb market"—the unofficial has all the usual central bank money market which has long instruments for influencing money and credit it can use its rediscount window, which in S. Kerea is a very large win-dow because of the chronic shortage of funds faced by the commercial banks.

Open market

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But in practice the rediscount is used more to direct credit to particular sectors through variations in elegible rediscount rates than as an overall credit control instru-

Second, the Bank of Korea can conduct open market operations buying and selling Government securities. However, few marketable instruments exist also showed. Though the interest rates on its securities well below free market rates, financing its deficits largely by borrowing from the central

Third, the Bank of Korea can vary reserve ratio requirements, which it does from time

Fourth, it can directly fix interest rates in an effort to influence the demand and supply of funds, to try to encourage saving without inbeen seen more as a way to achieve optimum levels of savings and investment than as an instrument of macro-

economic policy.
Finally, the Bank of Korea can and does impose fixed ceilings on credit for individual banks. However, this crude instrument is not quite as effecfive as it may seem at first sight. It is difficult for the authorities to match overall credit objectives with what is reasonable or even necessary lending behaviour by commercial banks. Credit objectives must also be linked to Government budget performance, which may be easier said than done.

Injections

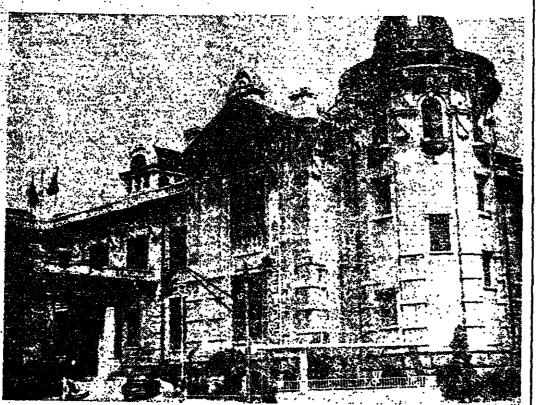
A good example of the prob-lem of conflicting needs exists at present. A tight credit rein is vital. But it has so squeezed domestic demand at a time when exports are not strong and interest rates are high that some are only able to meet their obligations by borrowing yet more money from the banks or in some cases receiving tion is only partly a result of direct injections from the National Investment Fund. ...

it very difficult for the central five. Its stake in the fifth, Comeles which would be politically seen as a first step towards unacceptable and probably not denationalisation. Debate still enhance economic efficiency.

squeeze has been imposed. And past. Even before the death of Federation of Korean Indus-President Park in October, tries, moves towards liberalisation But were afoot. They were boosted by the won devalution in

January. This was accompanied by two major changes. First, there was a sharp increase in interest rates -from 18.6 per cent for oneyear time deposits and from 21 per cent to 27 per cent on

ordinary overdraits. . The steep rise had two aims: to encourage savings at a time to encourage savings at a time guaranteed by the Government. Insufficient to offset 30 per cent Latin America and S.E. Asia — bend yields and profit problems a reflection of the nation's push An even more radical step was an increase in loans for ex- orchestrated by the Ministry of 1978 was a boom year for the ever they may lie.



The Bank of Korea, Seoul

cent (in two stages to be com-pleted on July 1). Similarly the gap between ordinary and other favoured rates was parrowed. This eliminated a large part of the subsidy on exports and those capital intensive industries favoured by cheap money for

machinery purchase. The January measures had the long-term aim of letting the market do more of the work of credit allocation and of bringing bank interest rates closer to equilibrium levels.

There was a sharp narrowing of the gap between bank rates and those prevailing in the existed as a response to the rigidities and distortions of the official system.

The January moves also seem to have succeeded in meeting shorter-term objectives of curbing money and credit. There was a sharp shift into time and savings deposits away from demand deposits and also from the kerb market. The latter effect has probably dampened the velocity of money.

In the first quarter of 1980 M1 actually fell by 2.3 per cent, and despite this shift to time deposits, M2 rose by only 4 per cent. By comparison, in 1979 M1 rose 20 per cent and M2 by

. 25 per cent.

cent, in line with the 39 per cent for the whole of 1979, the actual increase after discounting the effect of the won devalua-tion was only about 7 per cent. (Korea has virtually a dual currency economy. Dollar loans account for nearly 20 per cent of private sector credit.)

In the end the longer term intention of the January package, of encouraging savings and a more efficient use of capital, may be determined by the suchilbiting investment. However, may be determined by the suc-intil recently interest rates have cess of the short-term objective -dampening inflation.

Negative real interest rates in recent years may not have done much to discourage savings, which have actually risen quite sharply. But—and this especially applies to companies enjoying the favoured rates they emphasised the importance of access to loans at the expense of efficient use of them. The system has necessarily favoured the large companies, often making life difficult for small ones operating in unfavoured areas of the economy.

Liberalisation of banking must also mean encouraging greater independence on the part of the five nationwide city or major commercial banks. Though they compete for cus-tomers, their freedom of action is constrained by institutional ties as well as precise central bank rules.

Their organisations are very similar. Their senior officials are appointed by the Government and their dividends determined by it. None is allowed to houses are also allowed to become too different. The situaownership.

The Government is the major This quiet bailing out makes shareholder in only four out of bank to be too draconian with mercial Bank of Korea, was sold its overall credit ceiling. The to the Korean Traders Associaalternative is a rash of bankrupt- 'tion' (KTA) in 1972 in what was mhance economic efficiency. goes on about the merits of But that said, there can be no further steps. It does not seem mistaking the fact that a severe likely in the near future to go beyond a gradual dilution of the central bank is using market. Covernment ownership towards. forces much more than in the bodies like the KTA and the

> But more important than ownership, according to economic liberals, is to dismantle the institutional links which make compared with 650bn in 1979 and French banks are already

However, this move, carefully for many companies.

the Euromarkets and thus help- market. these banks to official apron

Euromarket has treated them totalled only 196bn compared virtually as though they were on a par with wholly Govern-ment-owned banks like the Korea Exchange Bank.

Another newcomer to the international market this year will probably be the Export Import Bank which finances equipment. Meanwhile, the domestic front will this year see the establishment of the Long Term Credit Bank, a privatelyowned but officially-sponsored institution which will make longterm working capital loans to industry and provide guarantees for bond issues. The new bank will have an initial capital of won 50bn—including a stake from the World Bank.

Though there are plenty of institutions providing short-term working capital and mediumterm equipment loans, the new bank aims to fill a significant gap in the market. For example, there has been no institution able to give debenture guarantees longer than three years. It is all part of the aim to

strengthen and stabilise finan-That the potential exists for natural market development is indicated by the recent perform-ance of the bond market. The

sharp rise in rates on new bond issues since January and the heavy demand by corporations for funds have resulted in a surge of new issues eagerly taken up by the public, directly or via bond funds. These funds are required to give guaranteed minimum returns. In turn, most bond issues carry bank guaran-

Still small

So far this business has not come within the domestic credit ceilings targets of the Bank of Korea, as it is still relatively small. But it is becoming more important for larger companies.

The bond funds are a peculiarly South Rorean institution in the way they operate. Units are bought and sold over the counters of the six merchant banks and two specialised investment trust companies. They provide holders with immediate

The funds must guarantee a minimum return to investors. That return is adjusted periodically to take account of movements in yields on new issues and the estimated weightings of yields within 'the funds' port-Merchant banks particularly good business guaranteeing and underwriting bond issues. They have a captive market in the bond funds.

manage bond issues but have no captive market, as they are not allowed to manage funds, though through their branch networks they have placing power at the retail level.

Bonds are traded on the stock exchange and as most of there is little problem with liquidity.

Until recently, bonds were mostly of three years maturity, currency loans. Their balance but as a result of the rise in interest rates—new bonds yield tenth those of the five city 30 per cent-the Government has restricted maturities to two years, anticipating that rates will come down.

While high yields have caused new bond issues to sell well, and it is expected that issues will this year top won 900bn but none has applied. British the bank managements an in- and 326m in 1978. But mean- well represented. Meanwhile, tegral part of the state bureau- while the stock market has been S. Korea itself is trying to a victim of high inflation and erpand its network overseas. This year the five city banks a problem economy. (Average with the KEB and city banks are raising their profile over dividend yields are now around established in London, New seas by going to the Euro 20 per cent and pe ratios around York and Hong Kong and also markets for the first time as four, but medium to longer-term with a presence of some kind individual borrowers, un-earnings growth prospects are in the Middle East. Africa and

ports from 9 per cent to 15 per Finance, seems primarily aimed stock market with the index at broadening the number of hitting a record late in that year South Korean names known to and many companies coming to ing future borrowing. It may Yulsan collapse and rising intend to perpetuate the ties of trest rates have kept investors and new issues away.

trings.

Last year not a single new
Though the five are only part-name was added to the equity owned by the Government, the lists, and new money raised with 325bn in 1978. Business has been so poor

that most of the big securities One fillip to the market could perhaps come in the form of an equity fund for foreign investors. The Government thinks South Korean exports of capital it is premature to open up the capital market to direct foreign portfolio investment. fund would provide an indirect entry and pave the way for further capital flow liberalisation needed if South Korea is

eventually to join the OECD. The merchant banks have been working on proposals on these lines, as has the International Finance Corporation. decision had been expected later this year.

Meanwhile a couple of the leading securities houses are already beginning to look out ward, presumably to the day when not only will foreigners he allowed to buy shares but South Korean companies will be borrowing in the Eurobond markets and expecting some management porticipation from

The six merchant banks are the nearest that foreign financial institutions have got to the South Korean domestic market. Most are 50 per cent foreign owned. Originally set up mainly to develop fee-based corporate finance activity, they have now been allowed a small but permanent participation in the profitable short-term money market. They fund themselves by issuing 90-day paper, and can issue up to three times their own capital. They are also now moving into leasing (mainly in foreign currency).

Otherwise, the merchant banks can make medium-term foreign currency loans at a spread fixed by the Government.

The main participants in the short-term money market are not merchant banks but the 11 finance companies dealing mainly in commercial paper. which are able to issue debt instruments up to 15 times their net worth.

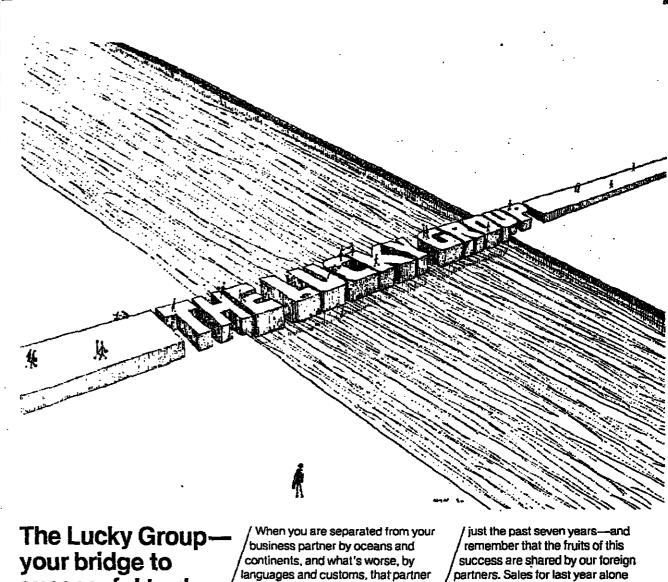
Essentially, South Korea sees foreign participation in the financial markets, as in commercial banking, as a catalyst. It will be allowed only limited

foreign banks New allowed in from time to time but a tight rein is kept on what they can do in S. Korea. They are mainly there as an instrument to draw in capital and develop trade rather than as a regular participant in the local banking scene.

Limits raised

Their main source of won is through swaps, which are con-trolled by the central bank. Swap limits were recently raised to bring in more dollars. but volumes and margins are kept under control. It is not unprofitable business for foreign them carry bank guarantees banks, but not very exciting either. Their total assets at end 1979 were only won 1532bn, of which nearly half was foreign sheet totals added up to only a banks.

Some foreign bank appli-cations are still pending and it is expected that more U.S. West Coast banks will be licensed. German and Swiss banks would be most welcome. for trade opportunities where-



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SOUTH KOREA VI

ENERGY

PHILIP BOWRING

THE ENERGY issue encapsulates the two key aspects of the S. Korean economy: its vulnerability to the outside world, and its determination to tackle the problem head-on.

S. Korea is a rapidly growing and industrialising economy, lacking in domestic energy Indigenous fuels mostly low grade anthracite—have been used to keep S. Korean homes slightly above freezing point during the long only significant escape from The French are also putting cold winter, but almost every- oil dependence is nuclear it about that S. Korea should thing else is imported.

Energy usage now amounts to the equivalent of 45m tons of oil a year. Of that, oil itself, which is entirely imported, accounts for 62 per cent, coal for 25 per cent, hydroelectricity for 1.4 per cent, nuclear for 1.6 per cent and firewood for 8 per cent. Oil dependence is even greater in electricity generation, accounting for over 70 per cent. The cost of the oil imports has

become crippling for S. Korea. as for many other nations. Last year they cost \$3.4bn—a figure, not without coincidence, close to the current account deficit. This

more than most nations to alleviate dependence on imported oil. In the first place, it has prices in line with international more in the form of taxes.

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as GNP. That in itself is a remarkable achievement. All previous experience has shown hat at S. Korea's economic growth, energy consumption options.
rises by up to twice the rate
of growth of GNP. In S. Korea
reasons, it has only been 80 per cent of GNP growth, though that had been expected to rise to unity, with GNP because of the shiftnow slowed to heavy industry. Imported oil dependence has been increasing despite this achievement, because of the decline in the relative roles of coal and firewood. S. Korea's

energy a slow process. Two a year

Even before the latest round of oil price increases, S. Korea's nuclear programme was assuming remarkable proportions. At present only one plant is in operation—a 650 MW Westing are costing S. Korea \$2,600m house reactor which came on a unit, including financing costs eight are due to come on stream

The pattern now seems to be for orders of at least a pair of S. Korea has not had to worry nuclear plants each year. So about escalating interest costs year will be even worse, with far all but one of the nuclear oil expected to average \$30 a steam system orders has been What is especially galling for reactors. The exception was a tions, by 1991 12 nuclear Korea is that it has not Canadian heavy water reactor. stations will be in operation, barrel from \$24 a barrel in 1979. for Westinghouse light water S. Korea is that it has not Canadian heavy water reactor. exactly been asleep since the The Korea Electric Company 1973-74 oil shock but has done now seems to have settled on the 950 MW light water reactor aș its standard.

But that does not mean that more than kept domestic energy Westinghouse will continue to pick up the orders. Especially ones, quickly passing on in-keen competition is coming creases and sometimes adding from Framatome of France, which makes a reactor under Petrol now costs more in licence from Westinghouse. Korea than anywhere else. Apart from considerations of

Largest

between the ground and fifth content, political considerations GNP growth estimates are floors?

Energy consumption has been the next orders. Keco has is unlikely to reduce its nuclear growing fast, but not as fast indicated that it may put out programme.

Gas at present is not impercent by 1986 and 37 per efforts to arrange direct.

government to go tenders for no fewer than four least invite tenders on the basis aim is for a 7.5 per cent saving of two firm orders and two by 1986 and 10 per cent by

> For political and commercial reasons, S. Korea has deliberately favoured imports from the U.S. The last orders went to Westinghouse for the turbine generators as well as nuclear plant. But with S. Korea now coming under increasing pressure to restrain its exports to the EEC, it may want to use the prospect of nuclear power sales as a bargaining device.

The French are also putting not depend on one supplier of enriched pranium and are dangling the carrot of eventual access to reprocessing facilities for spent fuel - extraction of plutonium and

stream in 1978. The next is not of which about half is in foreign due for another two years, but exchange component. So far eight are due to come on stream financial terms have been between 1983 and 1986, the four favourable, with almost all the latest orders being for 950 MW. dollars available from the U.S. Eximbank at fixed rate. Thus, overtaking the price of oil-fired alternatives to nuclear power.

> accounting for 36 per cent of power generation capacity. By electricity itself account for more than a third of S. Korea's energy demand. However, nuclear energy's proportion could go higher still,

or at least reach the 1991 projection at an earlier date. The projection is based on an assumption of GNP and energy demand both growing at a rate And where else do lifts not work financing terms and local of 10 per cent. Medium term

Also it is making strenuous 1991. All will come from oil. The other two prongs of

as cement are being encouraged and 6.5 per cent of electricity by 1991, mostly using imported bitumingus coal.

by-product form. LPG imports stations in one batch, or at efforts to cut energy usage. The are to start in 1981. There are plans for LNG import by 1986. though no supply contracts

> The aim is for gas to provide 10 per cent of energy demand S. Korea's determination to 10 per cent of energy demand move away from oil dependence by 1991. Gas and coal would are coal and gas. Industries such replace oil in power stations. Together with the growth of to shift from oil to coal firing. nuclear energy, and with a The main supply sources for small contribution from hydro-coal are Australia and the U.S., electricity, oil would be electricity, oil would be virtually eliminated in elecregarded as politically depend-virtually eliminated in elecable. It is aimed to supply 33 tricity generation, whereas at per cent of total energy demand present it accounts for 74 per cent. Oil's contribution to total energy demand would fall from

60 per cent at present to 48

have yet been signed.

-winter in South Korea is cold but it is also clear and sunny. And it is examining tidal power. —despite the opposition of powerful fishing interests.

The medium-term projections

are all tentative, the long-term ones even more so. But they all. point to the radical goals that Iranian supplies.
South Korea has set itself to Relations with
reduce its oil dependence and the Gulf Reminders of that dependence have been particularly acute in

recent months. Availability has been as much a problem as price for South Korea, because oil majors, faced with reductions in supply, have cut their deliveries. too costly. Meanwhile, South Korean

moving slowly. Hopes that ties by an annual 8 to 10 per cent with Iran had been cemented were dashed when the revolu-tionary Government in Tehran come in the mid-1980s as long-ordered the National Iranian term inclear and coal plans Oil Company to withdraw from a joint refinery venture in South Korea which South Korea had hoped would help to ensure

Relations with Saudi Arabia and the Gulf states remain. strong, but South Korea has scant relations with more radical oil producers such as Iraq and Libya, has no access to nearby Chinese oil, and finds Indonesian and Malaysian crude

Even if the most optimistic

demand will continue to grow from its current 460,000 harrels bear fruit

Some but not many hopes are being placed on finding local off or gas sources. Exploration blecks have been awarded off the southern coast and the first recently—despite opposition from China, which disputes the waters. But it will take a very big find indeed to make much impact on the underlying energy policy-of a rapidly industrialis-

ing nation such as South Korea.

Pyongyang takes first steps towards talks with its southern neighbour

NORTH/SOUTH RELATIONS

RONALD RICHARDSON

COMMUNIST North Korea may be the most monolithic, regior self reliance, propounded by North Korean President Kim Il Sung. The country faces diplomatic isolation from much of the West because of its continuing military confrontation with South Korea and because of its unwillingness to allow any but the most formal contacts between Notrh Koreans and the few official visitors.

The dynamics of politics within the northern hierarchy remain completely shrouded, even from diplomats stationed in the capital of Pyongyang. The large contingent of foreign journalists in the country last year during the world fable tennis championships failed to penetrate the secretiveness and conditioned responses of those allowed contact with the

Despite these obstacles, it seems clear that the North Korean regime is going through to appear. In the middle of last the South. a revision of its long-established year, Lieutenant General Oh Although there was no sign power structure and priorities. Guk Ryol, believed to be an of Northern manipulation in the Although the change is taking place within a strictly con- was appointed chief of staff of and especially, in the insurrectrolled framework, quite unlike the North Korean Army and the turbulent play of forces at for a few months appeared as work in the South since the a member of the Politbureau. assassination last year of President Park Chung Hee, the replaced 70-year-old Oh Chin U events in the North are directly linked to those in the South.

Dominating

in Pyongyang, the dominating congress, analysis do not expect presence of Kim II Sung any changes in the nature of remains to guide the devolution North Korean society or of power to those who will policies to emerge until Kim II eventually succeed him. The Sung dies, rather in the way commonly tagged by his own ing of Mao before adopting the people, is the second longest more rational policies needed to serving head of state in the draw it into the mainstream of world after Japanese Emperor world affairs. Hirohito. But whereas Hirohito at the end of the Second World War, Kim only came to prominence with Korea's independence from the Japanese at that time. Soviet support propelled the former independence fighter into the leadership of the northern half of the newly divided Korean peninsula and he has held on to that power

unchallenged since the early made to negotiate - could be

Now moves are under way for a younger political hierarchy to take over the reins of leadership in the 1980s from the old men who have led the country since it came into being. The sixth congress of the governing Korean Workers Party (KWP) to be held in Pyongyang in October — the first congress mented and closed society on for 10 years — is expected to earth. Contact with the rest of see the "new generation" take the world, even in trade, has most of the top positions in the been restricted in line with the entrenched ideology of Juche, Politbureau.

The key appointment is expected to be that of Kim Jong II, 40-year-old son of the 68year-old President, as second in line and official heir to his father. This could see the younger Kim taking over the post of Secretary General of the KWP, with his father moving to the new position of Chairman — in the style of Mao Tse Tung.

A group of officials in their 30s and 40s are expected to move up to take the places of most of the veteran leaders who have been associated with Kim Il Sung since the Second World War when they fought as guerrillas against the Japanese. At present, seven of the top 10 leaders of the KWP (excluding Kim Jong II, who is never officially listed in the leadership)

In the eyes of Kim II Sung the North its must give the North its best—and possibly last—chance cially listed in the leadership)

The eyes of Kim II Sung the eyes of Kim II Sung the secure reunification through the eyes of Kim II Sung the ey are older than 65.

was appointed chief of staff of General Oh, who is in his 50s, as the Army commander, although the veteran soldier remained Defence Minister.

However, whatever happens The South has lost Park. But to the leadership at the October great leader," as he is most China had to wait for the pass-

The whole nature of North has been devoid of political Korean society has been power since the defeat of Japan founded on Kim's claim to be the nationalist hero seeking to reunite his divided country in the face of U.S. military occupation of the South. To weaken in this claim would undermine the justification of his authoritarian rule. Thus no change in his style of leader- at its present level of 700,000 ship or in his country's relations with the rest of the world are expected as long as he lives. And he seems in robust health for a man of his age.

Significant

The problem of justification or legitimacy is taking on greater significance as the old nationalists and independence fighters fade from the scene. The "new generation" has yet to establish its nationalist credentials. This is thought by some observers in both North and South Korea to lie behind Pyongyang's proposal in January to call for new talks between the two halves of the divided peninsula,

As a result, the North for the first time offered to deal with the South on a government-togovernment level by way of a meeting between the two Korean Prime Ministers. Only once before, in 1972-73, have Seoul and Pyongyang attempted to reconcile their differences at the conference table, and this was done in such a way that neither side had to concede the

legitimacy of the other.

Now the North is apparently willing to acknowledge the Government in Seoul, and preliminary discussions to try to arrange the meeting, to be held in the border village of Panmunjom, have been dragging on for months as officials try to agree on an agenda.

Any narrowing in the gulf between the two sides sufficient to allow the meeting to take place - or perhaps even the evidence that an attempt was

used at the all-important October congress to place a mantle of nationalism on Kim Jong II, who is seen as prime mover behind the plan. Northern Prime Minister, Lee Jong Ok, though considered a technocrat rather than a party leader, is part of the "new generation" and would be able to point to their dedication to national reunification through

the attempt at negotiation. Even if a stalemate emerges at the preliminary working level talks, North Korea may seek to keep the line of communication

inescapable choice between a fact, if Moscow tried to military cutback or economic strengthen its military alliance with Pyongyang. Peking might stagnation. Does Pyongyang really see that them make overtures to Seoul,

it no longer has the option of to counteract any strengthening using force to reunify Korea? Kim might feel in his position. The answer is probably "yes," There is growing strategic and because Pyongyang seems to realise that all the foreign powers involved in Korea — China, the Soviet Union, Japan and the U.S. — now accept a two-Korea solution. In the case of the U.S. and

Japan, their support is explicit and public. They will recognise the North if Peking or Moscow

There is growing strategic and economic logic in Peking dealing directly with Seoul. In the long run it is probably prefer-

able for Peking to have an isolated North Korea facing hostile forces along both its borders. rather than a united and independent or, worse, pro-Soviet Korea facing China across the Short of food

'Time appears to have left Kim Il Sung

So time appears to have left Kim II Sung behind, and the economic price he has paid is awful. As one U.S. observer commented recently: "North Korea faces very severe internal economic problems. They are short of food, backward in tech-nology and virtually bankrupt. They are, in fact, a very poor imitation of Mao's China.

There are already strong signs that Pyongyang is trying to recover its lost economic momentum. Economic growth now has higher priority than at any time since the post Korean war reconstruction period.

Prime Minister Lee Jong Ok and six of the nine deputy premiers are economic specialists. The current sevenyear plan (1978-84) places great emphasis on developing hardcurrency exports to pay for the technology imports needed to update the industrial sector, and some progress was being made in foreign shipments. However, as in the South, oil is a major problem.

Pyongyang imports off from both the Soviet Union and China, and both are insisting on higher payments in barter goods. This is diverting com-modities away from hardcurrency markets and blunting

the export drive.

Although locally produced coal is the main energy source. imports of modern mining equipment are needed to boost output. This in turn is holding back export growth in the key commodity suitable for trade with the West. Recent heavy investment in cement produc tion facilities aimed at the export market has also run into technical problems.

So the problems of economic backwardness, although apparently acknowledged, still await a solution which, for political reasons, must probably wait for the death of "Great Leader Comrade Kim."

The worsening of U.S. Soviet in China after Mao's death are not altered that simple works. relations this year has probably bound to emerge in North not altered that situation. Mos. Korea. As Socialist-bloc expert Dr. Donald Zagoria suggested in Seoul recently, "There must be a North Korean version of Deng Xiaoping waiting for Kim to

Both China and the Soviet Union publicly oppose formal recognition of the division of Korea. However, most analysts agree that each maintains the

Washington analysts say there

is evidence Moscow tried to

induce Pyongyang to accept this

Peking sticks formally to its

support for Kim and continues

to call for the withdrawal of

U.S. forces. But few believe the

Chinese would risk their grow-

ing alliance with the U.S. in

support of military action by Kim—especially if the Soviets

stayed out. Pyongyang last year

saw Peking support the joint

Seoul-Washington proposal for three-way talks to settle the

So North Korea really has

little hope of support if it

attempted military action. As

one military analyst put it:
"If South Korea has doubts about the U.S. as a reliable

pariner, imagine the doubts North Korea has about China

and the Soviet Union. The

North Koreans saw Moscow wel-

coming Nixon while the U.S.

cow does not appear to trust Kim any more than he trusts

Korean question.

Withdrawal call

behind, and the economic price he has paid

is awful."

open. This would give Pyong will open diplomatic relations yang some direct sounding with the South.

position so as not to antagonise Kim Il Sung and so drive him diplomatically towards the other, Privately, Soviet officials its most recent strategy of sup-New faces have already begon porting a popular uprising in concede that a two-Korea solu-tion is inevitable, while

when political instability is the

greatest for 20 years.

and especially, in the insurrection in Kwangju, the fourth in return for economic aid two largest city in South Korea, the years ago. unrest matched perfectly the analysis of the sequence of events Kim has for the past 10 years predicted will occur in the South.

Pyongyang has been careful to avoid any indication it was about to make an aggressive move towards the South, lest this frighten the contesting groups in the South to settle their differences quickly.

But if Seoul is eventually successful in achieving a stable government to replace the authoritarianism of Park Chung Hee, it is hard to imagine circumstances arising again to enable the North to intervene at the "request" of a significant revolutionary movement with sufficient capability to overwhelm the industrially ad-

vanced South.

The strain on the Northren economy in building up its military capacity in the early and mid-1970s and maintaining it men permanently under arms
—11 per cent of the workforce -has serious set back industrial modernisation. With the chance of using these forces receding, and the South pulling far ahead

them and there is no indication that they would use North Korea in economic achievement, the as a military surrogate as they die." **SMBC**

Assets at 31 December 1979 : 97,214,669 Net profit before tax in 1979

Net worth at 1 January 1980

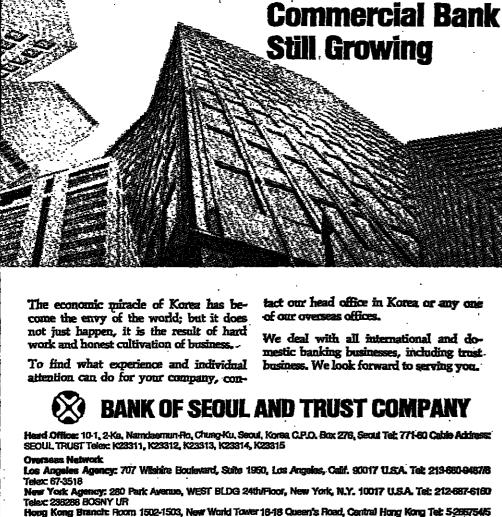
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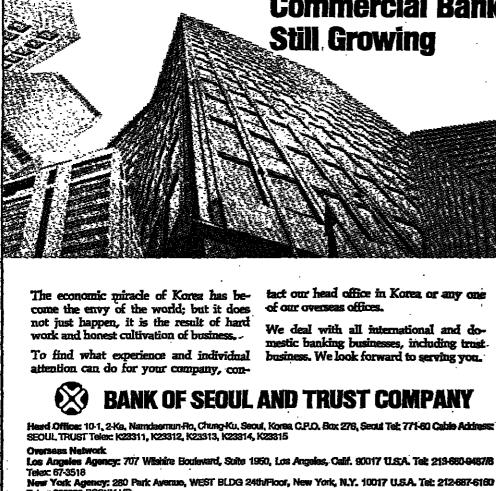
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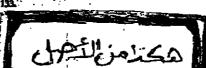
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npice of Treyor Chian, chairman of Lex Service Group, Includes vehicle distribution, the Volvo concession—the Volvo 345 was introduced is year—and the management contract for London's Cariton Tower, where the Chelsea Room restaurant has received wide acclaim.

Why Lex is driving into more garages in the U.S.

Robert Cottrell on a UK motor group's diversification strategy

THE Lex Service Group has computerised delivery system is regions of the U.S. in broad both industrial and geographi-gone west — to California, being extended this year at the macroeconomic terms," says cal, has been with Lex through where it hopes that its acquisition of two automotive parts distributors will initiate a new growth area for the British vehicle, transport and hotels

The move is the fruition of a medium-term strategy which has become increasingly important to Lex since it was first con-ceived in the wake of the 1973 oil crisis. "In 1977," says Lionel Harvey, the corporate planning director, "we identified the external constraints on developing, taking a five-year view of the UK economy." The conclusion was that, to sustain long-term growth, "we had to look outside the UK on fundamental economic grounds," he says.

The result is that Lex has recently spent \$12.2m to buy a pair of companies in what American parlame styles "the automotive aftermarket."—the supply of proprietary and own bel spares for ailing vehicles. Their combined turnover is around £50m. Lex hopes that within five years its U.S. automotive aftermarket interests will be contributing some 10 per cent of group profits - roughly twice the level on acquisition. Moreover, the automotive business is likely to provide a diversification into related activities

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For the moment at least, Lex's drah view of the UK economy would seem to have held good. Group operating profits were is the marque's sole UK concessionnaire. Together with several BL and one Rolls-Royce dealership. Volvo makes up the passenger car distribution and servicing division, which chipped in £21.2m of 1979's £32.2m trad-ing profit, and £308m of the group's £499.2m turnover.

Last year was particularly good for Lex's Volvo interests, with strong sterling boosting profit margins while the car sector as a whole saw record-new car registrations. Volvo's smaller "300" series has moved ahead strongly. But industry analysts see recession develop-

analysis see recession develop-ing in the current year.

The first taste has come in unofficial industry figures for the first three weeks of May, totalling 87,000 and indicating a large fall from the 193,000 sales in May 1979. Lex is too big to

Profits on commercial vehicle distribution and servicing are flat, though contract hire and leasing continues to show growth. Within transportation and freight handling, a newand could help provide some what the group regards as an

The healthy profits of 1979, tion. then, look to have provided Lex with the means to buy into what it hopes will be a recessionresistant investment ahead of what it believes will be a depressed phase for western

"We looked in developed countries, where our high-level service operations are appropriate," says Harvey. The U.S. appealed because "we liked the small language problem, the small cultural differences, and the business ethics." Lex's own ethical standards meant, he says, that "we couldn't operate in various parts of Europe." Also, the company already had a management presence in, and feel for, the U.S. economy, with its existing hotel business there.

Lex commissioned a study by American consultant Booz, Allen and Hamilton to find a suitable entry for the group. The Booz study accumulated "an initial level of raw data on 12 industries," says Trevor Chim, the chairman.

Folklore

dels in the Volvo range. Lex related to, and in some cases identical with Lex's existing in which the growth opportuni activities. The 12 were scored ties are significantly better," he off matrix-fashion against 12 criteria which included growth rates, profitability, and com-petitive structure. On that petitive structure. On that basis, the Lex planning staff narrowed the choice down to the automotive aftermarket.

An unusual feature of this stage of the evaluation was that the company brought to the task a group of researchers associated with American business schools, predominantly Harvard, of which Chinn is a

The Lex think-tank "started to show conclusions which were actually at variance with the tive businesses, such as certain folklore of the industry," says BL dealerships and actual Chinn. "The basic issue ownership of the Carlton Tower challenged was the level of DIY in the market." The company is understandably keeping its buck such a trend.

Of Ler's other interests, hotels—it owns two in the UK far more optimistic than others and four in the U.S., plus a manof the potential. The prospect agement contract for London's of stealing a march on the established competition by large quantity of cash at a plotting a strategy based on its own interpretation of DIY cands was therefore sufficient expensively-researched nuggets trends was therefore sufficient to persuade the British group that it had found its target

In order to decide where to £96.5m. in, "we ranked the

Wilkinson Transport subsidiary, Harvey. Lex felt that the fragmentation of the automotive useful UK profits growth, aftermarket in California made though there is unlikely to be it an attractive point of entry, so "we took the decision that adequate return on capital here to get in on a sufficient scale we would start with an acquisi-

> The companies acquired were off, he says. Chanslor and Lyon, which distributes passenger car parts, and Motor Rim and Wheel Services, specalises in wheels. axles and associated components for commercial vehicles. Alongside the \$12.2m purchase price, the two companies brought on board \$9.3m in debts.

The largest of Lex's competitors in the U.S. automotive aftermarket, Genuine Parts, is in the \$750m sales league. Lex is attracted by the high rates of return on capital—around 30 per cent—enjoyed by some of its rivals. "The distribution system is very local. If we can replicate the (national) distribution system logistics and volume in a local market, we can go a long way to replicat-ing those returns," says Chinn.

The automotive parts market is a relatively predictable business, since a typical vehicle is on the road for about three years before it becomes a heavy industry is stable and mature, and we know something about the products as well as the structure and operational characteristics," says Chinn.
The next stage of Lex's will be a flat in the first quarter of the The 12 were "industries characteristics," says Chinn-current year despite a particu- associated with service and The next stage of Lex's larly buoyant market for certain distribution," says Harvey— American strategy will be a move into "a second business ties are significantly better," he says. This is likely to be in "At this stage we're looking at industries which interest us," says Chinn. "By the end of 1981, we might have made a start on some level of investment in the new area of distri-bution."

American adventure will be a major cash absorber for much of this decade. It has a stated policy of continually balancing cash generation against cash absorption, and has in the past relinquished its less contribu-

Whether on this basis there is a future for Lex's remaining hatels within the group is open to question. Chinn concedes they are a "great consumer of cash," but it seems that there are no curent plans for further

disposals.
Hotel sales would, however unlock useful quantities of cash for a group which in its last balance sheet supported £70.9m of medium and long term debt shareholders' funds of

The drive to diversification,

Healthier than they think

poor executive, at least as far time that blue collar workers in as his health is concerned. Life the UK were offered private at the top supposedly deals him medical insurance on such a an extra ration of stress while large scale. Through the screenhis expense account enables him ing process it also offered an to eat and drink more than he

Until recently the popular large group of shop floor misconception was that his life-workers. style made him more prone to ill health and premature death with the health profile of than other workers. However, managers, In BUPA's case, the evidence has been building up to nail once and for all the myth that managers are less healthy than other workers in industry.

This had certainly been the impression given by the Government census of 1961 which recorded that deaths due to diseases of the circulatory system (mainly heart attacks) were more prevalent among managerial occupations.

However, by 1971 the Government census, which was only published in 1978, was reporting the contrary—that heart attacks were more common among the lower social classes (including non-manual clerical workers),

The reasons for this switch in health patterns is not immediately apparent, although it has been suggested that the earlier statistics were collated from oldfashioned, and possibly less reliable data-collecting techniques. Another suggestion is that the

health of managers has, in fact, improved over the period, thanks mainly to the screening the past decade. Some of its services available to them as less successful romances, like part of the private health employment agencies and hotels, were "things we did insurance package that normally goes with the job. opportunistically," says Chinn. The move into plant hire and

The latest body to authenticate that managers do, after all, enjoy a better standard of health is the British United Provident Association (BUPA). the largest health insurance organisation in the UK.

leasing was thoroughly planned

and researched, and has paid

Despite all the homework

which has gone into the Cali-fornian acquisitions, U.S. oil and petrol pricing and increas-

ing small car import penetra-

tion is providing a fair spread

of current uncertainty. But

"the key strategy decisions con-

tinue to be valid," says Chinn.

"It's a game for bright people."

Last year BUPA won a contract to provide 35,000 blue collar workers in the electrical industry with private medical insurance - a service which includes screening the operatives over a three-year period.

opportunity to examine for the first time the health profile of a

This could then be compared comparison could be made with 176,000 managers screened since the organisation's London medical centre came into operation 10 years ago.

Screening of the electricians started in January when 1,600 men in the Manchester area were invited to attend a consultation. Eventually 540 responded, a figure which BUPA said exceeded all expectations."

The results, according to BUPA, confirm that blue collar workers are more vulnerable to illness than the professional classes. But they also contained a number of statistical sur-

High risk of heart disease

Based on factors such as consumption, blood pressure, blood fat levels and the amount of exercise taken, survey showed that one third of the electricians, whose average age was 35. have a moderate to high chance of developing heart disease in the near future-more than double the proportion for managers of

More managers—almost 30 per cent-fitted into the lowrisk category, compared with a fifth of the electricians.

BUPA has not yet agematched some of its other findings but these figures are apparently confirmed by an analysis of electro-cardiograph (ECG) readings, which give an factors while in terms of exer-

It says here, Sparks, that you are smoking and drinking to excess-are you after my job

indication-albeit a crude oneof vulnerability to heart disease. The figures show that marginally more electricians are borderline cases compared with a cross section of managers 12 years

their senior. This suggests, says Dr. Alan Bailey, BUPA's research director, that the electricians are "medically older than their chronological age. That the signs of coronary vulnerability are so evident in the group 12 years younger should give cause

the incidence of smoking among the electricians was significantly higher than managers, although up to two-thirds of both groups were either non-smokers or exsmokers. However, it was notable that of those who smoked, more managers than electricians smoked the equivalent of more than 40 cigarettes a day.

The pattern for alcohol consumption was not as perverse, however. Overall the younger electricians drank as much as the older cross section of managers but roughly a tenth of both groups admitted an intake of more than 60 grams a day—the level above which alcohol poisoning and sclerosis become likely.

Both groups appeared to be subjected to similar stress

cise taken, the managers seemed to be more active and therefore slightly fitter.

BUPA admits that the findings are based on a relatively small cross section of operatives but says it is confident that the pattern will be repeated as the screening process continues. The implications, it believes, are clear. As the main killer diseases are related to life style, "it shows the failure of the health education message to

get down the blue collar line." BUPA puts the blame squarely on the Department of Health which, unlike in other developed countries like the U.S., Sweden, France and Germany, does not offer Germany, does occupationa) preventive medicine scheme.

It believes that more and more unions will now start demanding screening services for their members to put them in line with managers' perks.

Historical hostility

While this may be the case, BUPA also discovered that BUPA still has to overcome the historical hostility of the trades union movement towards private medicine. This was demonstrated in full was demonstrated in full measure last year when many union leaders condemned the electricians' deal with BUPA. Any radical increase in the demand for screening will, however, put pressure on em-

ployers and could lead to a change of priorities within the Dr. Bailey believes that the UK will follow the U.S. pattern, where annual screening is generally written into the employee's contract of employment. However he also believes that the momentum could be faster than em-

ployers would like."

Arnold Kransdorff

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June 3, 1980.

BY SAMUEL BRITTAN

ecenomy has long been a national disease. But it has now reached a crescendo at a time when the UK is in one of the most happily situated of all Western economies.

At the end of the decade in which oil prices have risen tenfold and when statesmen of other countries lie awake at night worrying about the security of energy prices, the UK is -thanks to North Sea oil-on the verge of self-sufficiency. We have found black gold in our garden; yet some business spokesmen treat this as a dis-

The Government has negotiated an agreement on the EEC Budget costs better than almost anyone involved would have thought previously pos-

Even the unattractive farm price part of the package provides for a 10 per cent fall in the real price of CAP products.

The high exchange rate, about which so much moaning is taking place, is a benefit for the country as a whole. It makes a direct contribution to fight inflation. But even more important, it gives a boost to living standards, by improving the terms on which British goods are exchanged for those of other countries.

About 99 per cent of economic discussion is vitiated because it is written from the point of view of producers, who do not appreciate that a country manufactures and exports in order to live, but does not live to export. Those who dislike North Sea oil, because of its effect on the exchange rate. and the decreased need for manufactured exports which it brings, ought to object to the EEC settlement, which will have the same effect.

The UK's relative prosperity shows up in the 5 per cent rise in real incomes last year, which was higher than in the best of Premier Macmillan's "never had it so good " years. It is true as Sir Geoffrey Howe pointed to afford.

is remarkable that forecasts consumption. The monetarist are prepared to back with their Liverpool model sees non-dur- mouths only,

TV/Radio

BBC 1

† Indicates programme in

black and white

6.40-7.55 am Open University

(Ultra high frequency only.).

10.15 For Schools, Colleges. 11.25

You and Me. 11.40 Cricket: First

Test-England v West Indies.

1.30 pm Over the Moon. 1.45

News, 2.01 For Schools, Colleges.

3.15 Songs of Praise from Hemel

Hempstead. 3.53 Regional News

for England (except London).

3.55 Play School (as BBC 2

Craven's Newsround. 5.05 Blue

5.55 Nationwide (London and

Peter, 5.35 The Wombles.

BLEATING about the British able spending rising by 2 to 3 per cent per year in the first half of the 1980s. The more Keynesian Phillips and Drew forecast sees nothing worse than a fall in consumption of less than 1 per cent this year, followed by rises averaging 1 to 2 per cent in the five following years. Even the Cambridge Economic Policy Group sees consumer spending-after a fall of nearly 4 per cent in 1980—levelling off in 1981 and subsequently rising by nearly 3 per

cent per annum Unemployment will because too high a proportion of the prospective rise in living standards will go to those still at work, pricing others out of jobs. So far in this recession the drop in production has been shallow, but the rise in unemployment has been steep. Even this has a silver lining: for at long last productivity is

rising sharply. There are also signs that on inflation we are going through the usual darkness before the dawn. Many commodity prices have fallen sharply; and there has been a remarkable decline in the balance of CBI respondents expecting to raise prices soon from 65 per cent in January to 45 per cent in April. Real interest rates are negative and mortgage rates a giveaway.

Human skills

is simply a bad metaphor. The one rational worry is that present and good fortune will not last and that-whether because North Sea oil runs out or the real exchange rate declines for other reasons-a larger export sector will again be required. Businessmen who out on Friday, that this was believe this will find it profitmuch too high for the country able either to invest in export capacity or to buy foreign But looking further ahead, it currency. Otherwise, they are merely asking the Government from very different stables all to back with taxpayers' money suggest some continuing rise in a belief which they themselves

cribe, but easy to recognise. Why then is it easier in court proceedings to satisfy a judge performances has been graced or jury that an elephant exists with the title of "bootlegger." than that a fraud has been committed? Is it because fraud recordings is known as a arouses feelings of horror, pirate." Shame and disgust far in excess of the terror caused by the noisiest stampede of the greatest multitude of the most enormous elephants?

In recent years the courts have supplied new aids to litigants engaged in a struggle or campaign against dishonesty and fraud, especially in the commercial sphere.

In May, 1975, the courts introduced the Mareva injunction. This is a norder which prevents a defendant from taking any steps before judgment to remove his assets out of the country or dispose of them or any of them in a way likely to frustrate any judgment against him.

obtained before judgment. It is an order which can be obtained in appropriate circumstances on application of which a defendant is not notified and at the hearing of which he is not present. It has been described by Lord Denning as "the greatest piece of judicial law reform in my time.

It is an order which can be

After the Mareva injunction. the Anton Piller order. This protects performers and record companies against unauthorised recordings of live performers scope of the confidentiality

FRAUD, so it is said, is like and unauthorised copying of a an elephant: difficult to des recording. The person who trades unauthorised records of live the person who makes and trades in unauthorised copies of

> The aim and effect of an Anton Piller order is to compel a "pirate" or "bootlegger" - to allow his premises to be visited and searched and his stock, papers and other relevant material to be disclosed and inspected.

It is an order which can be obtained against a defendant who is not notified of or present at the application for it. It is an order which can be obtained before any proceedings are started against the pirate, bootlegger or alleged pirate or

Both the Mareva injunction and the Anton Piller order show that the courts do not regard all litigation as a forensic offshoot a gentlemanly game of cricket. Last week the Court of Appeal

in Bankers Trust Company v.

Shapira and Others beat yet

another retreat from the notion

of litigation as a form of Olympic

Games for lawyers and their clients. The court sanctioned an order for disclosure by a bank of in-formation concerning the affairs of two of its customers even though neither customer was notified of the application for disclosure, and even though the information came within the

THE WEEK IN THE COURTS

BY JUSTINIAN

When probity must outweigh privacy

traditionally associated with the relationship between a bank and

The background to the application had elements of the picaresque. The Discount Bank (Overseas) Ltd. was a Swiss-bank with a branch in Hatton Garden, London, Among its customers were a Mr. Walter Shapira and a Mr. Max Frei. Mr. Shapira's account included a sum of \$690,000; Mr. Frei's a sum of \$108,203. Those sums were credited to those accounts on the instructions of Bankers Trust Company of Wall Street, New York.

In September 1979, Mr. Frei and Mr. Shapira had gone into the Middle East section of the Bankers Trust in Wall Street and had presented two cheques for payment. Each cheque was for \$500,000. Both cheques were payable to Mr. Shapira. Each cheque appeared to be drawn on the Mecca branch of the National Commercial Bank. Saudi Arabia. The Bankers Trust gave its instructions as a result of those cheques,

On April 10, 1980, the Saudi two cheques were forgeries. The Bankers Trust recredited the money, and then brought pro-

Neither Mr. Shapira nor Mr. Frei was served with these proceedings, Mr. Shapira being in prison in Switzerland during a fraud investigation by the Swiss police and Mr. Frei being allegedly in Liechtenstein. The Discount Bank, however, was served with the proceedings.

The Bankers Trust obtained a Mr. Shapira and Mr. Frei which the Discount Bank had.

the Discount Bank for disand affairs. The order which the Bankers

Trust sought fell into two sections

The second was that the Dis-

Arabia Bank claimed that the count Bank should disclose immediately and permit the Bankers Trust to take copies of Saudi Arabia Bank with the a wide range of documents. The documents included; (i) all.

September 20, 1979, onwards (ii) all cheques drawn on any account at the Discount Bank in the names of Mr. Shapira applications and orders and

Mr. Justice Mustill refused to Mareva injunction against the make this comprehensive order Discount Bank to prevent it because neither Mr. Shapira nor from disposing of any money of Mr. Fred had yet been served with the proceedings.

It was also argued before wanted an early order against of the Discount Bank that shere was no need to make such an closure of a variety of doeu- order at such an early stage in ments concerning Mr. Shapira's the proceedings, which had been and Mr. Frei's money, accounts started no earlier than May 20,

The Court of Appeal rejected this arguement. Lord Justice Waller said in the course of The first was for immediate his judgment that where there disclosure of the sums or was a fraud as alleged in this the names of Mr. Shapira and and much or all the money Mr. Frei at the Discount Bank. might now have gone, it was
The second was that the Dis.

In portant that steps to trace it should be taken at the earliest possible moment

ward on behalf of the Discount privacy. But, on another oceamoney, and then brought pro- documents included; (i) all Bank was that the order was sion, privacy may have its own ceedings against Mr. Shapira, correspondence passing between wider in its scope than any probity worthy of special Mr. Frei and the Discount Bank, the Discount Bank and Mr. order which could be obtained priority.

account at the Discount Bank Bankers' Book Evidence Act in the names of Mr. Shapira 1879. In particular, under that and/or Mr. Frei from Act no order could be made for disclosure or copies of all correspondence, vouchers, teams fer applications, orders and in-

ternal memoranda. and/or Mr. Frei from The Court of Appeal rejected September 20, 1979, onwards, this argument also. Lord (iii) all debit vouchers, transfer Justice Walter said that the procosed order, though wide in its internal memoranda about any scope, was completely justified account at the Discount Bank in a case such as the one in the names of Mr. Shapira brought by the Bankers Trust and/or Mr. Free from against Mr. Shapira Mr. Free September 20, 1979, onwards, and the Discount Bank. Unless there was the fullest possible information "the difficulties of tracing the money would be

well-nigh impossible." Lord Deching said that though banks had a confidentia The Bankers Trust also, the Court of Appeal on behalf relationship with their custs ranted an early order against of the Discount Bank that there mers, it did not apply to concedthe fraud and iniquity of

wrongdoess." Lord Justice Waller said that because the order for disclosure was so broad the Bankers Trust Company impliedly undertook to use the information obtained for the purposes of the proceed ings and for no other purpose It is always a difficult and balances at present standing in case, although it might be late delicate task to steer a proper course between the maintenance of an allegely confidencial rela-

tionship and the exposure of On this occasion the Court Another argument put for of Appeal put probity before

The biggest reason for business gloom is the squeeze on profits and cash and the fear of bankruptcies. But contrary to the more hysterical critics, bankruptcies do not destroy either physical, capital or human skills, which can be set free for better uses. Talk of "there being no British industry left"

6.55 Ask the Family.

Newman.

11.25 News Headlines.

11.27 Bellamy's Europe.

Heddiw. 12.00 News and Weather

Northern Ireland—3.53-3.55 pm

Weather for Scotland.

9.00 News.

follows:-

for Wales.

7.20 The Dukes of Hazzard.

WILLIE CARSON, who fol- him. In contrast, Sir Gordon Carson's Derby judgment when yesterday on Policeman. whom

pour, is trained at Chantilly by Yorkshireman Charles bank, who also saddled the fourth, Dom Aldo. The winner Piggott, whose score to date is is owned and ored by American 23. Only Buckle and Robin-Frederick Tinsley. Although Carson still has a begin to bear comparison with

completed an amazing treble disappointing.

Brilliant treble for Carson

du Jockey Club. France's success so far achieved by Derby, at Chantilly.

Policeman, a 11-length winner over the Aga Khan's Shaka-

BY DOMINIC WIGAN

son, who achieved their first classic victories in 1792 and long way to go before his 1817 respectively, remain ahead achievements in the saddle of Piggott. Provided that Carson, who has ridden four those of Sir Gordon Richards. British classic winners rides for who had such a similar style. a good many years, and that his the Scotsman's ability to pick knack of picking the right one on the right horse to ride does not desert him, he could certain rival Piggott's classic haul. to be of tremendous value to Although few questioned

AIVOI IA

1.20 pm Anglie News. 2.00 Houseparty. 2.25 Mondsy Film Matinee: "A
Hill In Korea." 3.45 Money-Go-Round
6.15 University Chellenge. 6.00 About
Anglia. 7.30 Survival. 10.30 The
Brian Connell Interviews—Sir Monty
Finniston. 11.00 Monday Late Film:
"Happy Birthday, Wanda June." starring Rod Steiger. 12.45 am Reflection.

1.20 pm ATV Newsdesk, 2.00 Money-Go-Round. 2.30 The Monday Matines: "Seven Thunders:" 5.15 Take My Wife. 6.00 ATV Today 10.30 Left, Right and Centre. 11.00 ATV News-

11.05 luke's Kinsdam

CHANNEL

1.20 pm Chennel Lunchtime News, What's On Where, and Weather. 2.00 Money-Go-Round. 2.30 The Monday Matines: Columbo. 5.15 University Challenge. 6.00 Channel News. 6.10 Project UFO. 10.28 Channel Late News. 10.35 Luke's Kingdom. 11.35 The Entertainers. 12.00 Police Surgeon. 12.25 am News and Weather in French.

GRAMPIAN

...9.25 am First Thing. 1.20 pm North
News. 2.00 Money-Go-Round. 12.30
Monday Metines: "They Met In The
Dark," starring James Meson and
Joyce Howard. 5.15 University Challange. 6.00 North Tonight and Area
Weather Forecast. 16.35 Country Focus.
10.30 Reflections. 110.35 The Monday
Movies: "Innocent Bystanders," starring Starley Baker, Geraldin Chaplin
and Donald Pleasence. 12.30 am North
Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Money-Go-Round. 2.30 Monday Matines: "Squeaze A Flower." 5.15 Granada Reports. 6.00 Granada Reports. 6.30 This is Your Right. 10.30 Nuts and Bolts with Sir Monty Finniston and Hugh Scanlon. 11.00 The Late Film: Anne Heywood in "! Want What I Want."

am Something Different.

lowed his Wednesday Derby was, surprisingly, a poor judge he decided in favour of Henbit win on Henbit by landing the and, despite 26 championships. rather than Water Mill, a good Oaks on Bireme on Saturday, his record in the classics was many shrewd judges felt that in choosing Bireme instead of With 14 classic winners, Sir the then Oaks favourite, Shoot he rode to victory in the Prix Gordon met nowhere near the A Line. Dick Hern's stable Jockey was making a mistake. Not only did Carson justify a bold decision, but his analysis of the Oaks picture proved uncannily accurate. The 37-yearold Stirling-born rider argued

that Bireme had achieved more than Shoot A Line in landing York's Musidora Stakes and. furthermore, that she had the greater improvement in her.

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1.20 pm Lunchtime. 2.30 Monday. Matines: "Squeeze A Figwer," starring Watter Chiari. 4.13 Ulster News Headlines. 5.15 Money-Go-Round. 6.00 Ulster Television News. 6.15 Portrait of the Artist. 6.30 Happy Days. 10.29 Ulster Weather. 10.30 Church Report. 11.00 The Odd Couple. 11.30 Gardening Today. 12.00 Bedtime. WESTWARD

1.20 pm Westward News Headlines.
2.00 Money-Go-Roand, 2.30 The
Monday Matines: Columbo, 4.12 Gus
Honeybun's Birthdeys. 5.16 University
Challenge, 6.00 Westward Diary, 10.32
Westward Late News. 10.36 Luke's
Kingdom. 11.35 The Entertainers
(Patay Gallany), 12.00 Pures Freezen

(Paisy Gallant). 12.00 Police Surgeon. 12.25 am Faith Forl Life. 12.30 West Country Weather and Shipping Fore-YORKSHIRE

1.20 pm Celender News. 2.00 Money-Go-Raund. 2.30 Monday Matines:
"River Of Mystery." 5.15 University Chellenge. 6.00 Celender (£mley Moor and Belmont editions). 6.35 Chips. 10.30 Celender Carousel. 11.00 Kaze Loves: a Mystery. 12.00 George Hamilton IV.

3.00-Karamita

2.30—Arndean*

3.30-Silley's Knight 4.00-Sharp Castan***

4.30—Brando 5.00—Sammer Soldier**

SCOTTISH

1.20 pm Southern News. 2.00 House-party. 2.25 "Promise Him Anything."

6.00 Day By Day, including port. 10.35 First Edition, 11.20

party. 2.25 "Promise Him Anything." 3.45 Money-Go-Round. 5.15 Take My

TYNE TEES

ULSTER

6.00 Dav

5.30-Skerry Dance

2.30 Monday Matines: "Do You Take This Stranger," starring Gene Barry, Diane Baker and Joseph Cotten. 5.15 The Electric Theatre Show. 6.00 Scot-land Today. 6.20 Crime Desk. 6.30 Down to Earth. 10.30 Hess. 11.30 Late Call. 11.35 Kaz. THEATRES SOUTHERN

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CHEYNEY Thur (n) Fri. Sat. 7.00.
Mats. Thur and Sat 2.00.

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GARRICK CC. 01-836 4601. 5-22. 8.00. Ghard). Fri. and Sat. 5.30 and 8.30. WILLIAM FRANKLYN IN DEATHTRAP. GLOBE THEATRE S. CC. 01-437 1592. Group sales 379 6061. Eves. 8. Mat. Wed. 3. Sats. 5 and 8.15. Berry Roster, Febr Bowles. Jan Waters, in a new play by Peter Nichols BORN IN THE GARDENS.

HAYMARKET, TREATTE ROYAL, CC. 01-930
9832. Evgs. 7.45. Wed. 2.30. Sat. 4.30
and 8.00. LEONARD ROSSITER,
PRUNELLA SCALES IN MICHAEL
FRAYN'S MAKE AND EREAK. Directed
by MICHAEL BLAKEMORE.

5.00 am As Radio 2. 6.30 Rush Hour

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes (Interview with Douglas Jay). 12.00 LBC Reports. 8.00 pm After Eight Special: "A Question of Selety." 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Missis. LYRIC HAMMERSMITM. CC. D1-741 2211
Prev Tout 7-30. Opens Tomor 7 Grom
Wed Eves 7-30. Thur Mat 2-30. Sets
5 & 8-151. ThAVELLING NORTH by
David Wilhamson. Cast includes Rosemary
Leach & Peter Vaughan.
LYRIC STUDIO: Inch Satt Eves 8.
LYNINGSTONE & SECHELE a comedy by
David Pownall. ... two superb actors.
Peter Kelly 8 Joe Marcell. Anni
Domingo & Jenniter Piercey create
memorable chargeters. "Times.
Prevs from 19 June, Edward Duke in
JESYES TAKES CHARGE by P. G.
Wodehouse.

6.00 sm Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cesh (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S), 7.30 Adrier Love's Open Line (S). 9.00 Alan "Fluff" Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 sm Night Filght (S).

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Reservacions 836 3161. From Tomor.
MUREYEV FESTIVAL Eyes. 7.30.
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June 24 to July 3 with ZURION BALLET,

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Wed or 65 Amphi. Seats avail 10 10 am on day of perf. GLYNDEBOURNE. 0273 812411-813424, with the London Philharmonic Orthestral Until August 17. Sold Out-possible returns only. Tonight. Wed & Fri S.30: Falstaff. Tomor & Thurs S.30: OE Enfahrung. Sat 5.30: Die Zauberliote. Tram departs Victoria 2.52 pm.

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1672. CC 657 3856-7505. Until June 14.
Evs. 7.30. Met 5.tt. 2.30 DARPAMA
IMBIAN DANCE COMPNY with
Minibili Sarabhai in two programmes.
Perhaps the most wonderful dancers
who have yet come to us out of india."

SADLER'S WELLS THEATRE, EC1. June 16 to July 5. Evps. 7.30. Mat Sats & June 27 at 2.30. AMERICAN DANCE SEASON. June 16 to 21: Erick Hawkins Dance Co. June 25 to 28: Dance Theatre of Harlem, June 30 to July 5: Merce Cunmingham & Dance Co.

ADELPHI. CC. S. 01-836 7611.
Eves. at 7 30. Sat. 4.00 and 7.45. Mats.
Thurs. at 3.00. TONY BRITTON, Liz.
ROBERTSON. PETER BAYLISS & ANNA
MEAGLE in THE WORLD'S GREATEST
MUSICAL MY FAIR LADY. Group book.
ings. ning 01-835 7538 or 01-379 8051.

9.20 am The Good Word, followed by North-East News and Lookaround. 2.00 Money-Go-Round. 2.30 Monday Matinee: "Broken Journey," sterring Phyllis Calvert and James Donald. 5.15 Mork and Mindy. 6.00 North-East News Headlines. 6.02 Play It Agein. 6.25 Northern Life. 10.30 North-East News. 10.35 Northern Report. 11.00 The Monday Thriller: "Get Christie Love." 12.30 am Epitogue. AMBASSADORS. 01.836 1171. EVBS. 8. Mats. Tue. 2.45. Sats. 5 & 8. MARGARET LOCKWOOD, POLLY JAMES IN MOTHER DEAR by Royce Ryton.

APOLLO THEATRE S CC. 01-637 2563.
Parties 01-379 8061 Mon-Fel. 8.00.
Wed. 3.00, Sats. 5.00 & 8.15. Wed. mat.
half price. JANE ASHER MICHAEL
GOUGH. PuyLLIS VALVERT IN BEFORE
THE PARTY by. Rodney Ackland. Story
by W Somerset Maugham. Directed by
TOM CONTI.

COMEDY THEATRE. CC. 930 2578. Mon -Sat. 9.02. Mat. Frl. and 581. 5.30 THE ROCKY HORROR SHOW. Gross sales. Box Office 01-379 6061. LAST 14 WERKS.

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Wed. 3.00. Sats. 5.00. Over 100 totally
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Wyntem Ann Beach in ON THE 20TH
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PAUL EDDINGTON IN MIDDLE AGE
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THEATRES NATIONAL THEATRE 'S 928 2252.

OLIVIER (open stage): 7on 1.7.15 (note early start) OTHELLO by Shakespeare, fomor 7.50 (STEERLY PEELING) ("Clance") new comedy by Alan Ayckbourn, LYTTELON (proscenium stage): Ton't & Tomor 7.45 THE BROWNING VERSION/HARLEQUINADE double-bid by Terence Ratigan (WHEN WE ARE MARRIED by J. 8. Priestly must end Thor).

OLD VIC. 928 7615. June 3-21 STEP NOTES AND SQUEAKS. Marina Gleigud. Robert Helpmann. Svetians. Berizsova. Anton Dolin. Evps. 7.30. June 24-July 19. Bristol Old Vic. Company. A MIDSUMMER NIGHTS DREAM. Sava 25 PC on 6 great plays.

OPEN AIR REGENT'S PARK. CC. S.
485 2431. MUCH ADD ABOUT
NOTHING with Annabel Leventon, Gary
Raymond, Benard Bresslaw. Evs. 7.48.
Mats. Wed. Thurs. & Sat. 2.30. EXIT
BURBAGE with Peter Whithread lunchtime today 1.15. PALACE S. CC. 01-A37 6834. MOR.-TRUKS. 8.00. Frt. Set. 6.00 and 8.40. JESUS CHRIST: SUPERSTAR. Group Files 01-379 6861. LAST 11 WEEKS. PALACE. S. CC. 01-437 6834. From Sept. 17 RODGERS & NAMMERSTEIN'S OKLAHOMAI

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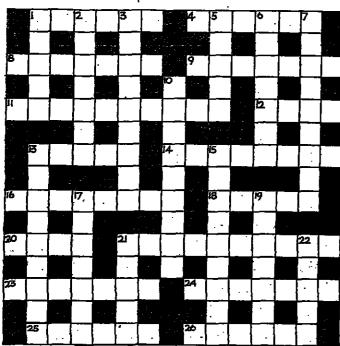
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ACROSS 1 County takes it as living accommodation (3-3) 4 Appear to embarrass (4, 2) 8 A northern classic poet

9 First and last beer-like plants (7) 11 Dance in American town to part of film (6, 4)

slowly (7)

trouble (4)

13 Water plant on southern border (5) ... can be teasing (7, 2)

14 Pharaoh briefly ought to 10 Not pestered by Socialists storm at instruction (8) exclusively (4, 5)

giving away (8).

18 Poe's a weird fabulous 15 Bear with ecstasy (9)

17 Managed to include a crazy

21 Europeans depressed by 21 Europeans depressed by area (7)
cheese (6, 4)
21 Throw water over daughter
23 Workman determined to on river (5)

26 Scattered in west in stern disarray (6)

DOWN 1 Game ending in house (5) 2 Doctor a newspaper editor called up (7) 3 Very much want 10 at a time

by cathedral (9) 5 Poor visibility left by tree 12 Greeting hothead with 6 Eccentric slew her defaulter

7 Facing the slope at football 16 Gamble on fish a student is 13 Nut case behind old sailor

20 Bang goes a lot of tricks (4) 19 Settle stand in boundary

make press statement (4, 3) 22 Combination match (5) 24 To army officer it's a com- The solution to last Saturday's prize puzzle will be published 25 Relative the German found with names of winners next to be more generous (6) Saturday.

8.10 Panorama (Charles Haughey—The Man Most Likely To?). Today (Birmingham): Points West (Bristol); South Today (Southampton): Spotlight South-9.25 The Monday Film: "The West (Plymouth). Life And Times Of Judge BBC 2 Roy Bean," starring Paul 6.40-7.55 am Open University. 11.00 Play School. 2.05 pm Cricket: First Test-

classics looks

East (Norwich); Look North

(Leeds, Newcastle): Look North-West (Manchester); Midlands

12.00 Weather/Regional News. England v West Indies. All Regions as BBC 1 excent as 7.00 Six English Towns. 7.30 Mid-evening News including sub-titles. Cymru/Wales — 1.30-1.45 pm Pili Pala. 2.18-2.38 For Schools. 7.40 Around with Alliss: Peter Alliss with businessman Victor Matthews. 5.55-6.20 Wales Today. 6.55-7.20

8.10 The Waltons. 9.00 The Innes Book of Records. 9.25 Brass Tacks.

10.15 Cricket: First Test (highlights). 10.45 Newsnight 11.30 Russian—Language and People. BBC 2 Scotland only-7.90-7.30

pm The Camanachd Cup Final (Shinty). LONDON

9.30 am Schools Programmes. 12.00 Choriton and the Wheelies. 12.10 pm Rainbow. 12.30 Doctor. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Against the Wind. †2.30 Monday Matinee: "Only The Valiant." 4.15: Clapperboard.

1.45 The Latchkey Children, 5.15 Money-Go-Round. 5.45 News. 6.00 Thames News. 6.35 Crossroads. 7.00 Lingalongamax. 7.30 Coronation Street. 8.00 Can We Get On Now

9.00 The Sandbaggers. 10.00 News, 10.30 Police Story. 12.15 am Close: Personal Choice with Cyril Shaps.

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8.26 World in Action.

HTV

1.20 pm Report West Headlines. 2.00 Take My Wife. 2.30 The Monday Matinee: "Winner Take All." 5.15 Betmen. 6.00 Report West. 10.35 Soap. 11.05 The Monday Film: "Something For A Lonely Men."
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> > News.1.40 Your Letters Answered, 2.00 Lunchtime Scoreboard, 6.40 Debussy, 7.00 College Concert, part 1: Penderecki, Osborne (5), 7.30 Intervel Resding, 7.35 Concert, part 2: Sexton, Strevinsky, 8.15 Why Hasn't India Had a Revolution (tall, by John Dunn), 8.35 Mahler (5), 10.00 The Errand, 10.30 Jazz in Britain (5), 11.00 News, 11.05-11.15 Brahms (S), 10.30 Jazz in Britain (\$). 11,00 News.
> > 11.05-11.15 Brahms (\$).
> >
> > VHF—With Medium Wave except as follows: 6.00-7.00 am Open University.
> > 11.25 Bartok: Quartet No. 5 (\$). 12.00
> > Berlin Philharmonic Orchestre (\$). 1.00
> > pm News. 1.05 BBC Lunchtime Concert (\$). 2.00
> > New Records (\$). 4.55 News. 6.00
> > New Records (\$). 4.55 News. 6.00

RADIO 4

S.00 am News Summary, 5.03 Ray Moore (S). 7.32 Terry. Wogan (S). 19.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stawar's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 5.02 Folk on 2 (S). 9.02 Humphray Lyttleton with the Best of Jazz. records (S). 9.55 Sports Desk. 10.02 Pop Score. 10.30 Star Sound. -11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S). ton with the Best of Jazz records (S). 9.56 Sports Desk. 10.02 Pop Score. 10.30 Star Scornd. -11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music. (S).

RADIO 3

6.55 am Westher. 7.00 News. 7.05
Coverture (S). 8.00 News. 8.05
This Wesk's Composer. Julie Massensat 10.45 Tohelkovsky Symphomy No. 2 (S). 11.25 Cricket: First Test—England v West Indies, including 1.35 pm

RADIO 3

6.00 am News Briefing. 6.10 Ferming Wesk. 6.25 Shipping Forecast. 6.20
Today, including 6.45 Prayer for the Day. 8.35 The Wesk on 4. 8.45
John Ebdon with the BBC Sound Archives. 9.00 News. 9.05 Start the Wesk with Richard Baker. 10.00 News. 10.04 Story Time. 11.00 News. 11.05
The Most Wonderful Being (Life of Helmonth College). 11.50 Postry Please (S). 12.00 News. 12.02 pm You and Yours. 12.20 pm You and Yours. 12.27 Brain of Britain 1850 (S). 12.35

Weather, programme news. 1.00 The World at One. 1.40 The Archers: 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Attempon Theatre. 4.45 Short Story. 5.00 PM: News megazine. 5.50 Shipping Forecast. 5.55 Weather: programme news. 4.00 A. Weather; programme news. 6.00 News. 6.30 Home Again (S). 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Monday Play (S). 9.15 is There Life After 507 9.30 Kaleidoscops. 9.59 Weather. 10.00 The World Tonight.
10.30 The News Quiz (S). 11.00 A
Book at Bedtime. 11.16 The Financial
World Tonight. 11.30 Today in Parliament. 12.00 News. BBC Radio London

10.03 The Robbis Vincent Telephone Programme. 1.03 pm London Live. 4.30 London Revs Desk. 5.35 Look, Stop. Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2. London Broadcasting New Records (S). 4.55 News. 5.00 Mainly For Pleasurs (S). 6.20-7.00 Open University.

Capital Radio

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THE ARTS

The Beach Boys

The Beach Boys must be vocals there were solos by Carl

portant influences in the deve-lopment of contemporary popu-brilliant guitar flash, especially

lar music. It may be going on "Help me Rhonda." Some

slightly too far to say that of the studio perfection was

single handed they created missing-and the sound system

"California" in as far that millions of people "know" fined music — but the good that State through the Beach Rose was a sound system at Wembley does not help remillions of people "know" fined music — but the good natured performing of the Rose was a sound system.

Wilson and Dennis while Al

natured performing of the Beach Boys was a revelation.

Mike Love might be tending

towards the camp in some of his gestures but he got the

bleak arena going, obligingly taking cameras from the throng

pressing the stage to snap the

occasion, and manipulating the

new material slowed down the

middle of the set plenty was

And to top it all up there was

Brian Wilson. He might have

been there more in body than

spiril but he played and sang

occasionally-something he has

rarely done in public for 16

years-and the audience loved

the fact that he was pulling

through, the Beach Boys had

pulled through, and that they.

too, were still there, after all

these years. Seconds after the last note, while the fans were

still stamping, a fleet of limousines were whisking the Beach Boys away. The clean-cut

have survived and their music

has done more than survive: it

ANTONY THORNCROFT

second of fun.

Aldeburgh openings

by ANDREW CLEMENTS

1980 Aldeburgh Festival gather momentum, and begin to offer serious musical fare. The annual staging of at least one and expressive weight. The of Britten's major operatic opening Lento suggests an works this year focuses on A Midsummer Night's Dream: it was first presented on Saturday ment and even more com-duced by Christopher Renshaw evening at the Snape Maltings pressed reprise, but simple by the English Music Theatre classical shapes blur and Company. The same afternoon, in Blythburgh Church, the Fitzwilliam Quartet gave the first performance of Colin-Matthew's string quartet No 1, is accorded a grandiose presen-sandwiched between Haydo's tation cut short by a brief unfinished B. flat quartet and whirling coda. The plan appears Beethoven's A minor quartet

Matthews is a familiar face at Aldeburgh, amanuensis to Briften in his final years and latterly working with Imogen Holst on a complete edition of her father's music. As a com-poser, he is also very much within an Aldeburgh tradition of thoughtful conservatism, re-taining a broad tonal framework and often incorporating gestures that betray a close study of Tippett and Britten. The new string quartet falls out of the same mould, even to the extent of borrowing, apparently un-consciously, the rocking refrain from Britten's Nocturne to close its.final movement. . It remains, however, an im-

pressive, authoritative piece of the finale of Mahler's ninth writing. In the Fitzwilliam's symphony, in its contrast of the inferior completely assured perform- personal and the impersonal material.

York Festival

something over 25 minutes, wins, and shades out into the three movements which in- rocking cods. crease progressively in length

orthodox sonata form with three subject groups, a short developcoalesce as the movement proceeds. The emotional temperature gradually rises until the recall of the principal themes more straightforward on paper than it does to the ear. .

Throughout the work it is clear that Matthews has the medium deeply absorbed into

Not until Saturday did the ance, the quartet plays for The more distant austere music

A full discussion of a A Midsummer Night's Dream, propressed reprise, but simple and conducted by Steuart Bedford, must await later performances and Ronald Crichton's report. In the meantime it can be recommended for an illuminating, if sometimes over-fussy, production and a mixture of good and uneven young singers. Uneveness, too, at the beginning of Janet Baker's recital with Geoffrey Parsons at Snape yes-terday afternoon: A first half of French composers, beginning with a group of Dupare and digious, and so is his ability to only gradually combined vocal generate and sustain an authentic, entirely idiameter. focus and verbal response. Rather sedate tempi and tic. entirely idiomatic quartet Rather sedate tempi and texture. Thus the central occasional sequences of uneasy scherzo bounds along, juxtaposing frantic solos and heated
posing frantic solos and heated
only when two sets of Fauré
were reached, his Op.18 and the rather impersonal but at the radiant voice provide seamless core of the work its effect is performances. The standard solid. At first hearing, the was maintained in the second solid. At first hearing, the was maintained in the second finale is the most immediately half—Brahms's two songs with satisfying section, a lyrical viola (Peter Schidlof) and Adagio contrasting two types of Spohr's six songs with clarinet material — Bayan Northcott's (Thea King); great artistry and programme note likened it to more spontaneous responses were lavished on substantially

Wembley Arena

among the half dozen most im-

Boys, but they certainly in-

vented a type of Californian music, "surfin," which with har-

monies taken from the meticulous quartets of the late 1950's.

such as The Four Freshmen,

plus some relaxed rock guitar.

produced a glut of songs symbo-

lising good times on the beach,

with everyone beautiful and all

The predictable irony was

that the Beach Boys fell away

from their image; one. Brian Wilson, cracking mentally under

the strain of being the creative

force; another, brother Dennis,

flirting with Charles Manson,

a third, their cousin Mike Love,

taking the transcendental trail.

But the Beach Boys never quite

disintegrated and by some

wonderful chance were all on

stage at Wembley this weekend.

For their mass of fans that

would have been enough; fortu-

nately it was one of the most

enjoyable concerts played in

sound, seemed to be trying to

make this a special concert. Though Mike Live handled the introductions and most of the

her rich, well-honed contralto,

and she has a professional sense

of the varying requirements of

style. Mr. Hamburger offered

sturdy, vigorous support as always, though he did not

explore the half-lights proposed

of something unsettled about much of the performance, some-

thing not quite comfortable. Perhaps Miss Rosen had an incipient cold: perhaps she

misjudged the scale of the hall;

perhaps the placing of her voice these days is better

adjusted for opera than for the

recital platform. Notes in the

higher register were sometimes

strident, sometimes merely

frayed and liable to spread;

there were passages in which

she obviously had sensitive

There was nevertheless an air

Wigmore Hall

relaxed behind

gleaming white equipment the quintet of almost 20 years ago Beach Boys, their numbers may be plumper and hairier, swollen to ten to pad out the broken and mended, but they

Carole Rosen

right with the world.

Mystery Plays

by MICHAEL COVENEY

Apart from the solid reclamation of John Webster's exciting Jacobean tragicomedy, The Devil's Law-Case, not to be missed at the Theatre Royal, the major item on the York Festival's dramatic agenda is, as usual, the York Cycle of Mystery Plays given in the ruins of St. Mary's Abbey and based on the version prepared by Canon Purvis for the 1951 rediscovery. The director this year is Patrick Garland, the designer Squl Radomsky, with Christopher Timothy (of TV's All Creatures Great And Small fame) leading an amateur cast of hundreds as Nick the Carpenter and Christ.

Much of Mr. Garland's production is based, I gather, on that of Jane Howell in 1976, when three fixed stage, areas were introduced, children and animals encouraged to roam through the action, and brass band music (played on Friday night by the Rowntree Mackin-tosh Works Band) composed by Edward Gregson. There is some exciting choreography of the milling crowds, homogeneity of movement achieved by sacrificbit from various wagons. Of the 49 plays collected by Canon Purvis in his 1957 edition, 34 are represented, many of them

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The performance runs for well over four hours and the story encompasses the Creation (instigated by a somewhat inaudible God high above the eight magnificent abbey arches), Immaculate Conception (resulting in a mystified infant being produced under a cart), the Flight into Egypt, the Trial and Crucifixion of Jesus, the Harrowing of Hell, the Resurrertion, and Mr. Timothy's ascentinto Heaven on a blacked out the chosen composers for this crane that takes him higher even than was God in the begin-

But most people recognise the York Cycle for the muscularity of the verse, its use of still comprehensible Yorkshire been engaged for the Festival dialects and the fusion of those are Claudio Arrau, Henryk dialects and the fusion of those elements in the Shepherds' scene the comic discomfiture of Joseph on learning his virgin wife is pregnant; and the rough Quartet.

comedy of the artisans erecting the cross (" Methinks this cross will not abide/Nor stand still in this mortice yet"). There is almost improvising the Lord's startling naturalism, too, at the Prayer as a turn for the Last Supper, the shaming of appreciative disciples. Agile and Last Supper, the shaming of Peter and the appearance of the risen saviour before an incredulous Thomas,

With so much going for them. the biggest mystery of all is why Mr. Garland feels it necessary to adorn the plays with such anachronistic effects as a light show on Calvary and the oddly recurring blasts of recorded music which are halfheartedly introduced. The entry to Jerusalem, for instance, is decorated with a snatch of Andrew Lloyd Webber's "Heysannah, Hosannah " from Jesus Christ Superstor, an aberration which would have been more acceptable if it had been more gloriously indulged. And surely, anyway, the Rowntrees singing at the end of each half, rums could have sucked on the of "Jerusalem" and "All gums could have sucked on the of

Sponsors sought for Belfast Proms

ing the crucial Mystery Play certs will take place from June are an innovation on the Northern Ireland musical scene in that the accent is on popularity, informality and youth.

been chosen to give as wide a range of music and performer as possible. The series is being promoted by the leisure services department of the Belfast City the Fall of Adam and Eve, the Council, which has no cash

> Beethoven and Chopin to be featured at 👛 B & H Festival

Beethoven and Chopin are year's Benson and Hedges Music Festival, which will take place at Snape Maltings, Aldeburgh, Suffolk, from September 20 to

Among the artists who have Szeryng. Rudolf Pierre Fournier, Barry Tuckwell and the Gabrieli String

Mr. Timothy Christ is very much one of the boys, revelling in the Cycle's sense of play and unaffected, there is no mock plety in his washing of the feet, nor are the miracles performed with so much as a knowing twinkle. He manages to be straitforward without being irreverent, and there is real anguish on the Cross as he registers pain and misgiving appropriate proportions. Among the amateurs, I liked very much Drew Wilson as cheerleader and Simon of Cyrene, Harry Bridge Joseph, and Edna Shann keening on Calvary as Mary the Mother. A large and appreciative audience contributed an odd sense of Protestant revivalism with their lusty people that on earth do dwell."

The Belfast Promenade Con- available to support this idea of various guilds doing their 14-28 in the Ulster Hall. They state must be achieved, with no plans to make a profit. Sponsors are urgently required. In exchange,

tribute will be paid in the Proms Prospectus, which will be illustrated by Rowell Friers The overall programme has and have an initial print run of 10,000. There will be no individual programmes printed. In addition, sponsors will be permitted (even encouraged) to display logos, etc., in the foyer

and in the main auditorium.

Ancient Games exhibition

A new exhibition, entitled The Ancient Olympic Games, has opened in the New Wing Gallery of the British Museum and will continue until October 26. The exhibition will aim to recreate the excitement and the spectacle of the ancient Games through scenes on painted vessels, statues and smaller artefacts such as sealstones and jewellery, which also illustrate the important religious and entertainment aspects of the festival.

Miss Rosen's recital with Paul intentions, where the tone Hamburger on Saturday ranged remained obstinately monoconfidently from Handel to chrome. The right focus was Charles Ives, taking in many persistently elusive. Her powermasterly songs from the Ger- ful reading of the Maja dolo-man. French and Spanish rosa songs of Granados began repertoires. In principle, all these were excellently suited to

None of these failings caused any serious doubt about Miss Rosen's attainments. When the just scale was found, as in most of Fauré's 5 Mélodies de Venise and in the Brahms group, her firm musical line could be admired and enjoyed. She knew very well what her Wolf songs from the Mörike collection and the Spanish Songbook were about, though a lighter attack would have allowed her to make more of their subtleties. From where I sat, her words were very often indistinct, perhaps because few of them were given a special colour consonant with their sense. On the whole I should prefer to hear Miss Rosen letting fly as, say, Azucena

in a much larger space.

rosa songs of Granados began too fiercely by half, and all the Ives group sounded vocally

quietly, finely shaded. The Mimi of Mirella Freni is

two years ago). It is, from every Donlan's crusty Benoit and aspect, a striking assumption, Eric Garrett's pawkish Alcinwithout significant weakness, doro once more make their nice, The manner is attractively effective point. Julia Trevelyan boyish, but not simple The Oman's opulently bohemian sets voice is a fine instrument, rich have lost none of their tarnish. and vibrant, warm and creamy The musical direction of Robin in the middle registers, at the Stapleton is sympathetic, prosings easily in natural attitudes, among an audience of schoolwithout stiffening into poses, children, to hear a whole act His Act 1 Narrative was a of Boheme for once without

triumph of athletic vocal co- interruptions for applause-but ordination, of climax without someone has already got to was both admirably forward and rible habit of applauding individual arias. Benjamin Gill (aged 11) con-

tributes the following note: I had never seen an opera by Puccini before, and I thought

architectural prize is the new Award for Architecture initiated

Perhaps the most prestigious

Congreve heads the firm of Humphreys and Glasgow — a large engineering, design and by the Aga Khan. This new building company — and he has trophy is "to encourage build-always been interested in imings that combine the best of proving the standards of taste the Muslim traditions with appropriate uses of modern technology. An international This year the generous prize jury is screening more than 200 of £5,000 was shared between projects from 30 countries in two very different schemes, the the Muslim world and three huge Byker Housing Developtechnical assessors are roaming the globe looking at the entries the Swedish based British architect Ralph Erskine, and the on site. A series of seminars Sainsbury Art Centre at the University of East Anglia has been exploring the quality of the new built environment in the Muslim world and, quite designed by Foster Associates. rightly, wondering what has happened to the great traditions It is difficult to imagine two schemes that are less alike. of Islamic architecture under The point of the Congreve Award is to encourage buildings the impact of modern develop-

that follow Sir Henry Wotton's famous dictum, "Well building hath three conditions, com-With so much high level encouragement from patrons and sponsors outside the archimoditie, firmeness and delight" tectural profession architects no both do this but in remarkably longer have any reason to feel unloyed and neglected. Let's hope that they in their turn will respond with some great Congreve Award covers the whole architectural field, it can be given and beautiful buildings.

Criterion

saving in buildings.

photographers.

Architecture

Today the assessment begins in one of this constry's most

highly regarded architectural

l'imes Industrial Architecture

Award. Three distinguished

assessors, two architects and a

layman will gather in a room at the Royal Institute of British

Architects to look through the

vast piles of photographs to

make a preliminary list of pos-sible prizewinners. The next

stage is a series of visits to the

short-listed industrial buildings

to see how well they work in

use and, this is the tricky part,

to see how well they live up to the image they have been given by highly skilled architectural

Sir Charles Troughton, chair-man of the British Council. con-

tinues as the Financial Times lay

assessor and he is joined this year by Richard Rogers and

Richard Burton, both renowned

architects. Mr. Rogers is per-

haps best known for the Centre Pompidou in Paris but he has

accomplished a quantity of

industrial work and is now designing Lloyds new building in the City. Mr. Burton is a

Burton and Koralek and he has

a particular interest in energy

Tom Foolery

and the first two prizewinners

Ambrose

individual ways.

The

Glittering Prizes

by COLIN AMERY

ture was announced and the Eire.

first recipients named. Mr.

ment in Newcastle designed by

and design.

This year seems to be the to any building that "houses

year of the architectural award. some form of human activity" The other day the first Ambrose - so there is plenty of scope

Congreve Award for Architec- for British architects, including

by ANTONY THORNCROFT

had a choice of two joke booksleft in reserve for the exultant; the Red One (never opened) encores. There was even a semi- and the Blue so the student of stripper to dash on stage for a 20 years ago invariably had two records to his collection-the fresh, pure air of Julian Slade's Salad Days or the sick decadent "Songs by Tom

In the intervening years Toni Lehrer has disappeared to teach maths to American college buys done-it-all world—as they can be at the Criterion—Tom Lehrer's resurrected from near oblivion bers the creepy "I hold your and innocent wit, would not by Cameron Mackintosh just hand in mine," the poisonous have been a bad fate.

The loss of Lebrer's own cynical sadly thriving.

Just as a Max Miller audience two or three can still raise a sly "Pigeons in the Park" and the smirk. For the rest it is, ever topical "I got it from nostalgia, blatant and un-Agnes."

Tom Lehrer perhaps ran out With Robin Ray, clipboard at of his very humanitarian strain the ready, in charge, and gar- of venom just in time, and some goylish Jonathan Adams, neat of the songs included here Martin Connor and bouncy could quietly be put down again. Tricia George to help out with But his hits are palpable, and the singing and dancing. Tom some of the terrors of the 1970 Lehrer's music gets the Sondera, most notably his warnings heim and Coward treatment, on the Bomb, are alive and voice and heavy piano playing, originality has never been while the world has caught him so much a part of the memory, threatened and to again join in up—and passed him by. Material are missed on some of the more "The Vatican Rag" or the that the BBC banned and what fiendish numbers, like "When "Masochist's Tango" is a nice seemed the height of sophistication are now needed to sophisticate tion are now needed. you are old and grey" and the way of growing a memory.
"Old Dope Peddler," and the There is some updating and a tion are now popular favourites "Old Dope Peddler," and the There is some updating and a on Junior Choice. Seen and five-piece band is hard put to generally humorous linking heard from today's seen-it-all, build up Lehrer's rather slight dialogue, which dwells on melodies into a musical treat, Lehrer's reluctance to mature. but Tom Foolery is such a good "He's 52 now, but prefers to songs are Songs of Innocence, idea, so amiably played, that it think of himself as 11 degrees of black and white, of erudition can be warmly recommended to centigrade," but remaining in any one who even half remem- 1960, with this harmless, bawdy

Covent Garden

La Bohème by Dominic GILL

The latest revival of the 1974 But the voice is consistently this one was terrific, even if it Copley production of La warm, and the phrasing noble; Bohème opened on Saturday her final scene was touching not with a schools' matinee. Only so much for its pathos as its the three principals are new to quiet resignation. Carol Nebthe production - and of these lett's is a handsome and boldly the Rodolfo of the Czech tenor coquettish Musetta, who de-Peter Dvorsky is outstanding livered her "Quando m'en vo" (the role marks what is essen- with positively devilish sparkle. all the shops, and the very tially Dvorsky's real debut at Peter Glossop, John Rawnsley Covent Garden, after a curtailed and Gwynne Howell are still the Duke of Mantua in Rigoletto three familiar friends; Brian top unusually full and true, perly and carefully paced. Dvorsky moves easily — and One might have h

strain; his "Mimi è una civetta"

robust, resilient—in the early acts there is more command DAVID MURRAY than appeal in the presence.

One might have hoped.

was also pretty sad. The music was good too, though I didn't it quite as much as Chaikovsky or Mozart. The cos-tumes and scenery were also very well done, especially the market-place with the cafe and beautiful last snowy scenethough at the beginning of that scene there was so much smoke from the customs-house chimney blowing around the stage that everyone, not just Mimi, started coughing.

I expected Mimi to look much paler and iller than she actually did: but I suppose it must be a bit difficult to sing so loud and look ill at the same time. Her boyfriend Rodolfo sang just like one of those Italian singers you hear on records, very high and fantastically loud: I liked him, interruptions for applause—but and his friends, too, dancing someone has already got to and joking all the time. I them, and taught them the horculan't understand any of the words: but if you knew the story already, it was really quite easy to understand what was going on. I'm glad they can cure tuberculosis more easily these

TENNIS BY JOHN BARRETT

Only Borg's record sparkled

minutes in Paris yesterday to the 18 they have now played set: and the last, a victory claim another remarkable was the 1977 Wimbledon semirecord in a remarkable career. final. On grass the faster bounce that threatens to become the allowed the American to profit

24-year-old Swede added a fifth men were treated to an en-French Open title to those he counter of such sustained won in 1974, 1975, 1978 and standard that all who saw it 1979. This surpassed the four classed it as among the best championships, in 1926, 1928, 1930 and 1932, won by the legendary Frenchman Henri has won only five sets in 15 Cochet, now 78. Cochet, appro- meetings. priately, was there to hand the who, at 81, must be the spright-

The match itself was predictably dull. Gerulaitis was faced such a tactic to upset him. with the daunting task of ending he has suffered at Borg's hands since 1974. He has tried everything-serving and volleying, staying back, mixing his game rocking Gerulaitis on his beels. between defence and attack, slowballing—and all have

that Gerulaitus simply does not the first set to 3-0 in the have the shot to trouble Borg. second; the third ran from 3-1

from his quick reflexes on the beating Vitas Gerulaitis volley to hit his winners, and 6-4 6-1, 8-2, the thanks to the courage of both

matches ever played at Wimble-

don. Since that match Gerulaitis

Yesterday the American's silver trophy to Borg, in plan was based on drawing Borg company with his fellow forward with short angles and cropshots which he hoped musketeer" Jean Borotra dropshots which he hoped plan was based on drawing Borg dropshots which he hoped would expose the only chink in liest veteran still competing his opponent's armour, Borg's volley. But the Swede is too fast and too experienced to allow

Some of the wristy winners a run of 17 consecutive defeats he smote from under the net were hit with the weight of a Mohammad Ali uppercut. They were equally effective, too, in

Borg's win was fashioned in four compelling bursts of four games each. The first gave him Against Borg's relentless and an opening lead of 4-0; the consistent topspin the truth is second took him from 5-4 in

part of his search for immort- the quality of Borg's game.

his unique talents permit. On be foolish to think of selecting anyone else as the likely winner of Wimbledon which begins a fortnight today, and surely, this must be the year when he will claim his first U.S. Open title, the only one of the big three so far to elude him.

Borg himself rated yesterday's performance as inferior to his similar run in 1978 when, as this year, he did not lose a set. In the 1978 final he devastated Guillermo Vilas more convincingly than he beat Gerulaitis yesterday. In that year he lost only 32 games and this time the tally against him has

reached 38. Sitting side by side in the and the takings will reach tribune d'honneur yesterday almost FFr 11m.

were Manuel Santana and Nicola Pietrangeli, two of the greatest clay court exponents of the modern era. I could not This record-breaking third help wondering what these two consecutive victory, which won and, for that matter, Don Borg £23,000-itself a record for Budge and Lew Hoad, who were a Grand Prix Tournament-was also here, really thought about

Certainly all four great This ice-cool and reserved champions had qualities which young man has always made it would have troubled Borg, but clear that he would like to the game is so different now. establish as many records as with its fierce hitting and the use of heavy topspin, that they the present evidence it would would have to face something they never met before. I fancy Borg's style, though less attractive, is more effective.

Chris Lloyd's fourth win on Saturday took her to within one of Margaret Court's record of five titles, won here between 1962 and 1973. Mrs. Lloyd's convincing 6-0,

6-3 win against Virginia Ruzici of Romania was emphatic enough for the American to feel she had a real chance of regaining the Wimbledon title she last won in 1976. This has been an impressive

championship. More spectators than ever, 222,316, swarmed over the vastly improved setting

CRICKET

England scent a noble victory

AFTER THREE days in which fortune has continually swayed from side to side, England, with two wickets down in their second innings, have established a lead of 100, so that the outcome remains deliciously open. with all three results a distinct possibility.

The ever-changing situation. from which the game derives so much of its excitement, plus the fact that England could achieve a somewhat unexpected victory over individually superior opposition, have opposition, have helped to camouflage a funereal over rate and a limited repertore of strikes from most of the English batsmen who have, quite correctly, concentrated on

crease occupation. One exception on Saturday was Graham Gooch, who batted with commendable assurance and struck the ball with genuine authority until his innings was cruelly cut short by an unnecessary run out, another

Geoff Boycott played a typical push on the move, and

Boycott victim.

Yorkshireman also miscalculated the speed and agility of Bacchus.

often wiser not to return to the dressing room for some time. and Boycott made sure that this did not occur by using all his ability and concentration to frustrate the enemy with a through the gully, and a sweetly timed clip off his legs.

appeal for a catch behind off Marshall.

After the departure watchful partner in Woolmer. they steered their side from a with an undefeated and painstaking stand of 77.

Why have England done so much better in this match than was generally expected? One of the main reasons has been the pitch, which has been appear unduly worried until the called immediately he realised friendly in pace, but on which ebullient Botham produced a he could reach the far end in the bowlers have been able to typical burst to provide yet Unfortunately his obtain a considerable amount another example of his enormomentary delay caused Gooch of movement off the seam. The mous all-round talent, which sive shot.

drick, Lever, Botham and during Gooch, whose bowling has century. improved immeasurably, have In these circumstances it is to date exploited these condi-Marshall and Garner.

only Garner was able to main- of spin on the final day. masterly lesson in defensive bat- tain that consistency of line quently as his opposite numbers. During a particularly fine spell In addition, he survived an in the afternoon of the second unsuccessful though prolonged day Hendrick had the batsman playing and missing at least once, often twice, per over.

It may be that much of the Tavare he found an equally initial devil has departed from the pitch and it is becoming Together, slowly but surely, progressively easier. I am inclined to think this is the position of potential danger case, as if both teams had not put down a surprising number of chances neither would have reached a total of 200 at their first attempt.

Certainly on Saturday morning Murray and Roberts did not

backing up, to hesitate, and the English quintet of Willis, Hen- was also very much in evidence during his first innings half-

> responsive to the seamers for tions more effectively than the the remainder of this intriguing faster and more feared speed match, England could regret the quartet of Holding, Roberts, omission of Underwood, as it is hard to believe that it will In England's second innings not take an appreciable amount In the circumstances logic

manship, punctuated with an which is essential, but even he suggests a draw, with Boycott occasional square cut, run down did not beat the bat as fre- and company grafting their way steadily to safety throughout a Monday on which the West Indies are unlikely to send down more than 85 overs. The key could be how our batsmen cope with the second new ball when it becomes available.

Again, if the England fast bowlers-how pleasant it was to see Willis again bowling so well in this game-find it more difficult to seam and swerve the ball when the West Indies go in for their second innings they could experience problems in containing the tourists' stroke makers.

Understandably, these are never very happy against a delivery which deviates sharply after they have committed themselves to a full-blooded offenMonday June 9 1980

Nuclear poker in Europe

PREDICTIONS that 1980 would modernise mark the start of one of the European went up on the 1980s, crises in Iran and Afghanistan identified powder kegs that could explode with the dropping of a lighted match. The threat of a new arms race between the superpowers has come closer with the U.S. Senate's failure to ratify the latest strategic arms limitations treaty (SALT II) and China has successfully tested an intercontinental ballistic missile. With the Camp David peace process faltering and the West Bank Arabs in a state of increasingly open revolt against Israeli occupation, the Middle East is looking more explosive than at any time since the war of October 1973. The U.S. is no longer indisputably the world's foremost strategic power.

Appeasement

Now there is evidence that the Soviet Union is accelerating the pace of its nuclear buildup against Western Europe at a time in which the countries of the Western Alliance are deeply split over a wide range of issues and trans-Atlantic divisions are in danger of widening. If U.S. opinion is nostalgic of former glory and moving to the right, there is a potential ground-swell of opinion in Western Europe that might see salvation in the politics of appeasement. There can be little doubt that the Soviet Union sees an oppor-tunity of luring West European countries, and particularly those on the Continent, out from under the American wing. The carrot of the offer of continuing detente to Western is backed by an increasingly heavy nuclear stick.
The clout of that stick was

pointed out by NATO Defence Ministers at last week's meeting of the Alliance's Nuclear Planning Group in Northern Norway. According to Mr. Francis Pym, the UK Defence Secretary, the Soviet Union is now installing one sophisticated new SS20 mobile missile every five days on its Western front. With new Backfire bombers also rapidly coming on stream, this gives the Soviet Union the option of delivering a devastating nuclear strike anywhere in Western Europe way behind the lines of the early stages of a conventional, or even tactical nuclear confrontation. feeble rather weapons, those are and

modernise its own long-range European theatre nuclear world's most dangerous decades weapons, while at the same have unfortunately started ful-time offering to negotiate limits filling themselves only too on them with Moscow. This has quickly. Even before the curtain put NATO Governments in the superficially paradoxical position of rearming in order to disarm-an apparent contradiction that Moscow has been quick to exploit. The Russians say they will not negotiate until the West suspends its decision-a move that would look attractive to left-wing and anti-nuclear opinion in Europe. But Moscow has refused to consider halting its own deployment of long-range nuclear weapons aimed at Western Europe.

This means that the West has no option but to press ahead with its own planned deployment. If Moscow sees that the West European NATO countries are prepared to abandon re-armament decisions without any equivalent Soviet concessions, then it will see little point in coming to the negotiating table. It will have imposed a right to enjoy nuclear superiority over Western Europe at a time when the Europeans are increas-ingly coming to doubt the security guarantee provided by umbrella.

There are counter-arguments. It is said that there are already more than enough nuclear weapons to give each side an over-kill capacity, that Moscow is not in any case planning to wage a crippling war in Western Europe, and that an American long-range nuclear capability in Europe would encourage the thought that a European nuclear war could be fought without necessarily triggering a strategic exchange between the superpowers. .

Destabilising

None of these arguments are one over-riding question that needs to be satisfactorily answered first. That is: why is Moscow introducing the new weapons and aiming for nuclear superiority in Europe? However much the Kremlin denies it, it has taken the lead in introducing a new destabilising factor into the strategic equation, revealing a gap in the West's defences. What, to put it another way are the SS20s meant to be used for? At such a dangerous juncture in world history, Europeans are entitled to be seriously concerned. In Norway last week the West Europeans showed few overt signs of weakening to Soviet equivalent there. New arms control negotiations must remain the Western aim. But it is dangerous The reaction of the West has to sit down at a poker game been, with genuine reluctance, with the Russians without a to go ahead with plans to sizeable pile of chips.

A carrot for **Ulster**

THE GOVERNMENT is likely to take a decision this week on the next stages in the search for constitutional advance in Northern Ireland. It appears to be on the short list for tanthat the aim is to continue dis- ker orders from British Petrocussions between the interested leum. In the longer run, the parties, but there may also be yard will have to become a time limit. The Government would like to have a commit-right. ment to some sort of constitu-tional change in the Queen's Speech, outlining the main busi-Government should use availness of the next Parliamentary session, in the Autumn.

Recession

It will only be possible to make a judgment on the Government's proposals when the green or white paper has been published. Meanwhile however, there is one aspect of the problem that commands immediate attention and that is the state of the Northern Ire-Meanwhile

harder than it is hitting most of the rest of the United Kingdom, as indeed one would expect an approach would make sense. of an area heavily dependent It would make even more sense on old industries. It is true if it were backed, as it could that the picture is not uniform. There have been some notable munity. There might also be successes: Short Bros. in the an end to the increasingly aerospace sector, for example. expensive outbidding between But, in general, the prospect is north and south and parts of one of already high unemployment getting steadily worse. Textile closures seem to be announced almost daily. There is also the problem of the Belfast shipyard Harland and Wolff which once employed 25,000 people, is now down to

This is a peculiarly difficult issue for a government basically committed to relying on market forces, to reducing state inter-vention and to phasing out subvention and to phasing out sub-sidies. Yet the Government economic aid now. If the aid is does have to ask the ques-tion: how the sub-tion: tion: how run down can the Northern Ireland economy be allowed to become? There is the Government needs to be also a political side to it. The thinking about besides the conchances of any political initiative succeeding may be ticians in Ulster may want a diminished by the economy fall-ing apart. The economic disin-more likely to be attracted by tegration of Northern Ireland an economic carrot. Between would only play into the hands them, Dublin, Lendon, Europe of the Provisional IRA.

As it happens, the Government does have opportunities to stop the rot. Harland and Wolff, for instance, is known economically viable in its own In present circumable financial support to secure the BP order, provided that the terms of assistance are clearly

Again, there is the proposal from Mr. Charles Haughey, the Irish Prime Minister, for greater Anglo-Irish economic sion to the efforts to restore the The recession is bitting Ulster Ulster economy. There are many areas such as agriculture, energy and tourism where such by the European Com-England, Scotland and Wales for multinational investment.

Progress

Not least, there is the United States. President Carter has offered American aid in the event of an Irish settlement. The trouble is that "settlement" is too strong a word. The best that can be hoped for at present is progress towards it. Even prove more elusive than ever. These are the questions which and the U.S. could provide it.

The management factor in the insolvency stakes

environments within living memory, British companies are most are the small and medium- period of last year. sized operations, whose vulnerability to financial pressures has led to an alarming rise in the number of corporate colone of their busiest periods ping in early to try to avert disaster.

The latest company of any size to give up the ghost is Bamfords, the agricultural machinery concern which is going into voluntary liquidation after 18 months of losses. Without more capital, the company could not survive. But for Bamfords, whose products were hit by stiff competition from abroad and weakening demand.

" Companies should switch to a survival strategy." MR. M. CRAKER, Midland Bank

more money would secure its

Unlike the early 1970s, the present corporate crisis chiefly affects the manufacturing sector. "In 1974, the collapse was one of confidence in a grossly over-borrowed situation in non-marketable assets like property," says Mr. William Mackay of accountants Ernst and Whinney. He is one of the receivers called in last month at Rivington Reed, another public company which has succumbed to slump con-ditions. "Now," he adds, "we're dealing with a situation involving people; before, it was

a balance sheet situation." Rivington Reed, in which financier Mr. Graham Ferguson Lacey has a sizeable stake, fell victim to the continuing losses on its carpet side which all the efforts of management had failed to check. It does, however, have several profitable man-made fibre weaving companies and these have been left outside the receivers' scope. Adding to Rivington Reed's burden was the high level of interest rates, now proving the final straw for many companies.

In the first three months of 1980, the 1,488 company failures were nearly 17 per cent higher Included in this was a sharp climb in the number of compulsory liquidations, decided on in court, which were up by 25 per cent to 747.

even more gloomy when adjusted for seasonal variations.

IN ONE of the fiercest business for nearly three years with compulsory liquidations at an all-time high of 735, or nearly being sorely battered. Suffering 20 per cent above the same

THE RISING TIDE OF COMPANY FAILURES

But liquidations, where a company is completely wound up, are not the whole story. As with Rivington Reed, receivers lapses this year. As a result, in-solvency specialists are having major clearing banks before the time to intone the last rites has ever, trying to salvage what they come. With a 34 per cent jump can from the wreckage or step- in receiverships in the first quarter to more than 200, insolvency is clearly an expanding industry.

> accountancy profession insolvency work was worth up to £30m in fees last year. As well as liquidations and receiverships appointed by lenders, such as banks, with a charge on a company's assets—this also includes "intensive care" or "sick bay" work aimed at putting companies back on their feet before a terminal stage is

> At Peat, Marwick, Mitchell, the number of receiverships being handled has grown sharply since October to nearly 50, says Mr. Guy Parsons. Other firms in the insolvency stakes are W. H. Cork Gully, now merged with Coopers and Lybrand, Thoruton Baker, Ernst and Whinney, Price Waterhouse, Deloitte Haskins, Touche Ross, Stoy Hayward, and Bernard Phillips, associated with Arthur

> A receiver's job involves managing an ailing company as well as trying to sell off dis-posable assets to the highest bidder. Where possible, he will try to keep on as many employees as possible, though redundancies are inevitable and mostly accepted by the trade unions as so by that stage.

It is generally the banks which call in the receivers, since they have usually been financing the company in question and stand to lose most if it goes under. In the wake of their high profits last year, the banks are sensitive to any charges that they are prepared to put their money before others jobs. Since the early 1970s, however, they have tended to try to influence companies to turn themselves round, with the aid of specialist accountants, before it

survival strategy, with the em-

"Superb management doesn't get caught."

phasis on liquidity rather than profitability," says Mr. Michael er cent to 747.

Craker, an assistant general of Matchbox toys, has made a The figures come from the manager of the Midland Bank number of workers redundant. Department of Trade and are and heavily involved at the problem end of the corporate sector. "A company can survive On this basis, the first quarter if it's liquid, even if it is maktotal of 1,460 was the highest ing losses." It was the Midland

Company Liquidations At a rough estimate, for the Source : DEPARTMENT OF TRADE

> which finally decided to call in sinking some £150,000 into the bex-Marx, the toy group which foundered on the problems caused by its over-ambitious

1973 = 50

50

Dunbee's failure is the largest in the UK so far this year, domestic activities although were not the prime cause of its downfall. At the end of the day, its overall deficiency was just short of £19m. Shareholders, as usual in cases of company collapses, will receive nothing and the decision has now been taken to put the company into liquidation.

U.S. expansion.

Although Dunbee - Combex-Marx is not itself a household name, many of its products are. For the maker of Hornby trains, Scalextric car racing sets, and Pedigree and Sindy dolls, being wound up is the ignominious end to a chain of financial and business miscalculations and upsets. The company's main UK sets, however, including the "Companies should switch to do-it-yourself division, will have no difficulty in finding a new

> Vulnerable to changing tastes, over-expansion, and fickle changes in the financial climate. the toy industry aptly illustrates the pressures at work on comindustry. Airfix, for example, is having to resort to the closure of its Meccano factory in Liverpool, while Lesney, the maker of Matchbox toys, has made a

Another well-known toy company whose demise occurred this year was Malius, the only maker of steam-powered scale model toys in Britain. After

Performance Analysis Services Average Performance for British Industry

development of the first steampowered model train to be marketed since the 1930s, it finally had to be put into the hands of the receiver. The high level of sterling had hit exports, while lacklustre Christmas trade added to its financial difficulties.

"We hoped the new product would save us," said Mr. Eric Malins, the son of the company's founder. "But we needed more funds to tide us over." Talks with other companies before the axe fell in March had failed to lead to any solution, he com-mented at the time. "The pace of change in a

company's financial status takes place more rapidly than it did before," notes Mr. Craker. Inflation quickly erodes the true value of a company's profits, while high interest rates put managements into an even tighter financial straitjacket if they have to resort to yet more borrowings to survive. Many do not last the course,

however, and the list of British companies which have failed to adapt to the harsher environment spans all sectors of industry and areas of the country. This year's first major collapse, that of North Sea fabrication company Wilson walton, partly revelved around walton, partly revelved around this view, Mr. Parsons of Peat, the collapse with the content of the cay, he can years' warning that any company is kiable to go under. "What's frightening," he asserts, "is the number of company wilson this view, Mr. Parsons of Peat, the collapse with the cay, he can be considered." Most insolvency this view, Mr. Parsons of Peat, the cay, he can make the cay, he can be considered. The collapse was a constant of the cay, he can make the cay, he can be considered. The cay is the cay was a constant of the cay, he can be considered. burden. Liquidation was finally

had also come unstuck over a loss-making acquisition, bearing out the experience of most insolvency experts that managements frequently engage in abortive attempts to diversify to get out of trouble.

Other quoted companies forced to go into receivership this year include Fairbairn Lawson, the engineering group, Southern Constructions, the company B. Fertleman, and J. Dykes, a Glasgow maker of Sanger, the international meat fatal." group, went into voluntary liquidation, partly as a result of the earlier collapse of Gilmore, a Smithfield meat

Sad as the failure of any company must be, it can also prove embarrassing to those who have tried to keep it affoat. When James Meikle, a carpet maker, went into liquidation in April, the Scottish Development Agency saw the failure of its sixth equity investment. Similarly, the Welsh Development Agency was joited in March when P. Leiner, the gelatine company into which it had sunk

£2m, went into receivership. The financial piffalls for industry have been outlined: enough interest rates; a sterling-dollar rate which soared recently to five-year highs; and rising wage demands. With unemployment on the rise, the effect on purchasing power will inevitably work its way through to the retail sector.

Industrial and commercial companies were sharply into an overall financial deficit of £4.7bn last year from the small £541m surplus of 1978, and the position is expected to worsen in 1980. The figure, including North Sea companies, represents the money industry has to raise after tax, dividend, investment and stock expenses.

Against this background and in the face of numerous bleak economic and business forecasts, how can companies best survive? "It's a fallacy to think that companies go broke over-night," says Mr. Michael Jordan of Cork Gully, one of whose tasks is the sorting out of Wilson Walton "A company lives or dies on its cash flow or lack

At the end of the day, he PAS method provides several

an unmet £1.6m claim against Marwick comments: "In every Shell UK, with large tax bills insolvency I've had to deal with, him that matters will get worse, crippling there has always been weak not better, on the insolvency management in some degree or front. "The previous generation decided on as the only way out. other. Superb management of management did not have On the same day, E.C. Cases, doesn't get caught." He believes inflation to deal with," says Mr.

difficulties. But the company exerting necessary financial disciplines inside the company.

BY ANDREW FISHER

"It is remarkable how good management can see problems coming from a way off," gags Mr. Stanley Carslake, an assistant general manager at Berclays Bank, "Good management is still the best insurance policy for survival." A company only needs to sign one bad contract or suffer one series of costing errors for any financial weakcivil engineer and equipment nesses to be badly exposed hirer, South Lendon furniture warns Mr. George Auger of Stoy, Hayward—"in a climate of squeeze and high interest upholstered furniture. J. E. rates, that sort of error can be

> Emphasising companies in creased need for information about customers and suppliers. Dun and Bradstreet, the credit and business information group, reports a 14 per cent increase in credit inquiries early this year, though the pace has since slowed down.

At Trade Indemnity, the credit insurance specialists debt collection figures were a fifth higher in the first four months, representing a 66 per-cent jump in value. Altogether,

"Just one bad contract can be fatal." MR. G. AUGER, Stoy Hayward

it has so far been notified of 28 per cent more business failures than last year. A high proportion of insol-

vency work is concerned with probing companies' weaknesses and attempting to rectify them before it is too late. Mr Richard Taffier of Per-

formance Analysis Services reckons that some 13 per cent of the 850 top quoted manufacturing concerns covered by the company are at risk. By the end of the year, he believes, it will be around 18 per cent, back to the chilling levels of 1974-75.

Of the 200 companies at the lowest end of the PAS scaledetermined on the basis of a U.S. developed formula called the Z-model—the managements of about 70 per cent are uncertain what to do, are taking inappropriate or no action, or are unaware of the danger signs, he says. Mr. Taffler claims that the

experts and bankers agree with a Cardiff-based manufacturer that as well as spotting the Roger Riley, assistant advances of fencing, said it had gone boulders along the road, manager in National Westinto receivership, citing had managements need to become minster Bank's domestic division. "They never had to be tion as the main causes of its with their workforces and so financially sophisticated."

MEN AND MATTERS

Guiding the punter's hand

in a sea of bumf. bewildered House of Fraser shareholders were this weekend doused once again by a stream of circulars and proxy forms. The deluge signalled a heightening of the conflict between the department

Not the least of the shareholders problems is the proxy card itself, which resembles nothing so much as a football coupon. This is a case, however. where a straight perm of eight resolutions from 15 is not going to scoop the pool.

One risk recognised by the defending board is that voters could simply throw up their hands in despair and consign the jumble of coloured literature to a handy receptacle. Yet Lourho has almost 30 per cent of the shares and will no doubt be careful indeed about how it fills in and delivers its own forms. In these circumstances a card in the WPB could count

THE LABOUR PARTY

almost as a vote for Rowland's will have created 18,000 new raiders.

So Fraser's advisers at Warhurgs have carefully marked Already in danger of drowning shareholders' cards by overprinting a dummy duplicate with red arrows and ticks. They considered a transparent covering sheet, but that would have to be lifted, and it would have been easy to fill in the wrong box by mistake. Plans to use stores group and attacker a Letraset-type sheet which Lourho ahead of the Fraser would only have to be rubbed a Letraset-type sheet which annual meeting on Thursday over to ensure a "correct" voting pattern had to be Not the least of the share.

> Meanwhile, Fraser has also switched to new printers after employing the City security printing firm of Greenaways to produce its earlier circular. Greenaways, of course, is owned by Lonrho.

Blast off

As if they did not have enough potential customers at home, the directors of Job Creationthe title precisely explains the new company's function-are wasting no time in putting out feelers all over the industrialised world.

Only 10 days ago founder Paddy Naylor, with fellow directors Fred Westlake and Peter Hardwick, were working for the British Steel subsidiary BSC (Industry), creating jobs for the victims of the corporation's cut-backs. At the weekend they were tripping over furniture wrappings in their swanky Old Bond Street office, drafting their designs on the sensibilities and budgets of conscience-stricken industrialists in Europe and the U.S.

You can no longer decimate community and walk away from it," Naylor says. "Even in the U.S. the big hire and fire firms have realised that they cannot work like that any

Naylot and his team stand

jobs in only three years. "We will work in Britain or anytial customers for us. And if you

Having pioneered the extraction of finance from the European Commission for their previous work, the team will be back in Brussels next week pumping officials for guarantees of further help in the Common Market at large. Well connected with and

backed by construction firms. management consultants and business development concerns, the trio have been joined by Alan Williams, former Industry Minister. Always more of a practical manager than an ideologist, the politician is more than mere window dressing. "He is an executive director," Westlake tells me, "and when he is not in the Commons he will be in here working." Hardwick, property brain in BSC days is now the "small businesses man."

"Paddy buys the political space we operate in," says Westlake, once a trainee astronaut, "and I am the punterhunter, although in any other business I'd be the salesman."

"The legal definition of whisky

Spirit rules

is stupid," says Lucien Landau, the Manx-based inventor who, as I mentioned recently, claims to have found a formula for condensing the years-long statutory maturation period into a matter of hours. But the law is still the law. As Ian Cheeky boy Association points out, Landau Postcard in my local news is not allowed to sell a drop of his brew. Glen Kella, in the wanted for three-month-old UK or the Isle of Man if it tabby. House-trained, full of contains any spirit which has not been distilled according to regulations governing whisky and matured for at least three firmly on their record at BSC and n (Industry) which by December years.

that the beverage marketed by Mr. Landau does contain imwhere, French steel companies mature spirit," says Coombs. are obvious and logical poten- Having called the inventor again, neither have I. "I am are losing £50,000 a man in a abiding by the law," he says, Gothenburg shipyard what adding enigmatically, "for the price our making a job for moment." He is also busy promoting Glen Kella-whatever it is-in the island and abroad, claiming to be negotiating for exports to Brazil where, you may recall, the undiscerning have recently taken to drinking alcohol fuel for cars as a change from the local rum.

Busy lines That most secretive of institu-

tions, the Bank of International Settlements. rarely opens its doors to the Press. So for the occasion of its 50th annual jamboree in Basle this week it elected to do things in style; My man on the spot was most impressed by the immaculate accommodation for journalists. But his feelings on sighting the spanking new electric typewriters, pristine pads and ready-sharpened blue and red pencils were somewhat marred when he discovered that a

system. The message therefore reaches you vis the 'phones on Basle railway station, where harassed scribblers were yesterday scrimmaging with hordes of Turkish and Jugoslav guest workers who take weekly advantage of cheap Sunday tariffs to swap gossip with their faraway families.

gremlin (or was it a gnome?) had attacked the telephone

life and my budgie."

Observer



I disht want to be a buden, but What food is my place was war days

When you've paid into a pension to make yourself self-sufficient in retirement, it is heart-breaking to have

But what else can this gentleman do? He couldn't have foreseen that the pound in his pocket would go on being worth less and less with every year that passes.

People like this deserve our help. People who have stood on their own two feet all their lives. People who have planned and saved for their old age. Inflation is no fault of theirs, yet they suffer for it.

At the DGAA we do all we can to help people like this. They want to stay on in their own homes, so we help with allowances. Only when they can no longer cope do we find them a place in one of our Residential or Nursing

However we help we do so with tact and sympathy. Because we really do understand. Will you please help us to carry on? With a donation, or a legacy, too, perhaps?

DISTRESSED GENTLEFOLK'S **AID ASSOCIATION**

Vicarage Gate House, Vicarage Gate, Kensington, London W8 44Q "Help them grow old with dignity"

Strasbourg's frustrated legislators

up a European Parliament, But if, he had, it would probably have been something like the current model in Strasbourg. elected a year ago last week throughout the EEC: a rather impotent body, peering through the gates of power as a con-cession to democracy.

Grandiloquence rather than grandeur would seem to be Strasbourg's lot today, and if appetite grows by what it feeds on, the assembly should wax lat on a diet of wordy resolutions and referrals to committee, sustained for the most part the certainty of Parkinson's law, lative function—and unity is finest hour. ov nationalist greed.

In the last 12 months, little of substance has been achieved. If was widely argued during the election campaign and before that the "legitimacy" of the Parliament would be increased by a popular vote. If millions of citizens could choose whom they wished to represent them; that would add impetus to the quest for political power and bring admittedly modest ambitious into the realm of the

The old, nominated Parliament, made up of national delegations selected by the main political parties of the Nine, always suffered from the belief that it had little right to decide anything for Europe. Governments reinforced this

obliging self-effacement — enshrined in the Treaty of Rome—and made sure that Parliament's potential was never developed. Ministers operating within the Community Council jealously guarded their own executive authority, while the ernments of Britain, France and Denmark were acutely conscious of the need to retain national sovereignty over

matters of importance. For its part, the European Commission, though benignly available.

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So rolls

European Parliament (MEPs)would reduce their own status to little more than that of civil servants with the Midas touch.

rules and the same basic idea making procedure, hoping that bombast, left, right and centre of the Parliament as a consultative body, the position is held to greater than the sum of its statements of pride and indebe different. Students of the parts. But such a course of pendence. Significantly, the bistory of demography round to be different of demography round to be better than the sum of its statements of pride and independence. history of democracy point to the experience of previous assemblies and claim, with all Parliament must have a legis- but for the rest it was their



WILLY BRANDT Rarely puts in an appearance.

that parliamentary power expands to fulfil the potential

NEVER munity legislation. It alone liament remains strictly circum-budget, and members on all and EEC postage stamps actually got round to setting retains the power to put scribed by the treaty, and even sides of the Chamber were whether that will actually lead up a European Parliament. But proposals to the Council the hallowed legitimacy con-accordingly outraged when to changes in policy is to be Commissioners felt that any ferred by direct elections can every suggestion they made on

This is not to say that there Indignation was the spur to is no room left for manoeuvre. action, and when an eleventh-The trick for MEPs must be to exploit every loophole and plug by the Council was rebuffed on Today, despite the same every gap in the decisionaction implies unity-at least French of all parties voted in en the basic principle that a favour of the Council budget, something which Strasbourg so far conspicuously lacks.

The elaborate trans-national system of political grouping is something of which members are inordinately proud. In fact, when the chips are down, there are really only two groups present: those who support the idea of an active Parliament, taking its own line, and those whose every vote is cast in favour of national sovereignty. Very occasionally, party politics intervenes and threatens to make things lively, but the tendency then is for the "sovereignty" lobby to take fright and draw back from the

Last December, the Parliament was almost overcome by its own euphoria when it rejected the 1980 draft budget ent down from the Council in Brussels. Why it did so is important, for in, the unwieldy nature of the coalition which formed to defeat the budget lay the seeds of the tragi-comedy to come.

Parliament, more or less at the urging of the large and vocal British contingent, had at last agreed that too much of the Community's money—some 70 per cent- was being spent on

change in this area—though now only capitalise on what Minis—the subject was peremptorily sought by some Members of the ters are ready to concede.

hour attempt at reconciliation the grounds of being mere

In the months that followed. the mood of the assembly was that of an uncertain adolescent who has committed a spectacular first sin and is then prey to attacks of fear and guilt. For the British there was the dilemma of having initiated a move that might lead to an increase in the Parliament's powers-to which they are mostly opposed. But at least they were pursuing a firm policy and were anxious to keep up the momentum. No so the others. Gradually, as the significance

and the effect of an absent bud-get made itself felt throughout agriculture and other sectors, members slipped in their resolve. Indignation came to appear as nothing but pique, and by May the faithful ready to repent. Led by Mr. Pieter Dankert, the Dutch socialist who had orchestrated the revolt, Europe's representatives voted to overturn their decision of December. Indeed, they went far further: they expressed willingness to accept farm price rises more than twice as high as the Commission had first proposed.

Even if Council officials now note more carefully the conto changes in policy is to be doubted. The MEP's industry is astounding, their seriousness indisputable; the effects, how-



Flying from hotel to hotel.

ever . . . well, perhaps it is early days. Members of the European is equally vexing. Luxembourg Parliament, of course, lead a is ensured a share of the Comdisoriented way of life, apparently designed to leave them too tired to conduct serious business. A member for a Scottish or

Sicilian constituency, for example, has to travel hundreds of miles to London or Rome to discuss tactics with his colleagues. Committee meetings-of which each member attends disposed towards. Strasbourg. Unfortunately for the com- agriculture. It called on the tents of reports on sheepmeat, three or four a month—are Strasbourg. backed figure of Mr. James was determined to hold on to its managinare approach, the power council to take account of this frozen fish, the European mostly held in Brussels, while Frau Beate Weber, a West Scott-Hopkins, they take a unique power to initiate Com- potential of the European Par- fact when drawing up the 1980 Monetary System, rear lights plenary sessions are in Stras- German Socialist from Heidel- strong stand on almost every-

bourg are unusually difficult to "In Germany, the media are get to, and members from unaware of what we do here and remote areas spend much of it is difficult to get ideas their year in motion, living out through. People are prejudiced of a suitcase.

Mrs. Barbara Castle, leader of the British Labour delegation, deplores the peripatetic nature of her new Euro-life, which follows more than a quarter of a century in Westminster and Whitehall. "The frustration is enormous," she says. "I spend a large part of my life going from hotel to hotel by aircraft. In Strasbourg, we have no proper office facilities and no division bells. I can't even leave messages for colleagues and know they will be seen. Everything has to be translated into six languages. Dividing our time between three centres is a farce. We ought to move to Brussels and be done with it."

The reason Mrs. Castle-and the great majority of her parliamentary colleagues do not get their way and move to Brussels is simple enough. President Giscard d'Estaing of France, ably assisted by M. Pierre Pfimlin, the Mayor of Strasbourg, is determined that France should host a major EEC institution, regardless of cost and inconvenience. Everyone in France agrees, and that, for the moment, seems to be an end to

The Luxembourg connection munity's institutions under the Treaty of Rome. The Government has built a new Parliamen tary building even bigger than the Strasbourg spaceship and desperately hopes for regular sessions. In the meantime, the Luxembourgh-based staff commute-with all their tonnes of documentation and translation equipment-to Brussels and

salute at HAC march past, Man-sion House: dines with Company of Chartered Accountants in

England and Wales, Mansion

against us." She is depressed by the climb-down over the budget but sees hope for the future in the Commission's need for a

strong ally against the "tyranny" of the Council. "Now there are two European institutions against one national body, and the two of us must work together to change the direction of the Community."

British Conservative members-there are 62, against 17 from the Labour Party-have



GEORGES MARCHAIS Swaggers in, like a bandit.

been among the most active and declamatory in the Chamber. Led by the imposing, stiff-

ministers meet to discuss prices,

ments annual report and meet-

Bank for International Settle-

bourg. The permanent secre- berg, worries that the work of thing of importance. Like the tariat is located in Luxembourg. the Parliament is very little French they fight defiantly for Both Strasbourg and Luxem- understood outside Strasbourg, their country against all odds, but unlike their Gallic counterparts they are doing much to point of view.

make the assembly a real Parliament by forcing it to take a The Labour struggles manfully against its national conscience to work for the formation of a sort of

Europe of the Left. Very often, the conflict is painfully clear, and usually its perceived duty to British interests triumphs. Barring accidents, the present

Parliament should continue until June 1983, when fresh elections will be held possibly with Britain applying proportional representation. It will be interesting to see how many of the current crop of MEPs stand for re-election. The "big names" who stood last time have proved a disappointment. Willy Brandt rarely puts in an appearance; Georges Marchais swaggers in sporadically, like a bandit, to harangue everyone else; François Mitterand resigned his seat a week after the elections, and Jacques Chirac threw in the towel last month after making no contribution worth recording.

Few of the other members were previously full-time politicians, and their lack of pro-fessionalism shows even now. But some have proved themselves to be dedicated and keen to learn and could end up as a formidable Community pressure group. Knee-deep in air-tickets. documents and Teach Yourself French, they have no set working place and no coherent idea of where they are going politically. They face a strong fifth column of anti-Marketeers among their colleagues—if they are not actually members of it and, if they are British, they do it all for the same wage as a Westminster MP plus expenses. International playboys they

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Letters to the Editor

Musical cuts at the BBC

From the Managing Director,

Sir,-With great interest I read your leading article of June 5. It may indeed be a rare occasion when the Financial Times expresses sympathy for militant industrial action. It is therefore not surprising when it trips over itself in the process.

You say after criticising our action in effecting economies by disbanding orchestras, "None of this implies that the BBCs orchestras or indeed its other cultural activities, should be preserved in their present form at all costs, or that the BBC whelmingly he most munificent sponsor of classical music in Britain. There is a case for reducing the number of fulltime musicians employed by the BBC. But this does not mean that the BBC orchestras should be disbanded: while the BBC may have too many orchestras; a glut of orchestras is certainly not something that the music lovers of Britain's regions would

Quite right! But are the music lovers of Britain's regions prepared to pay for their pleasures? One does not exactly see them rushing forward with financial support for the disbanded orchestras. At the same time it is frequently forgotten that the BBC spends 40 times as much on a Radio 3 listener as on a Radio 1 listener.

In the light of this dispute is fashionable on the part of those outside it to airily dis-miss the half million pounds' savings achieved by disbanding the five orchestras as "chicken feed." It is not. It represents self that the licence fee would nearly a third of Radio 3's air be adjusted to take account of time, ie Radio 3's programme the house or hestras. It didn't. budget "above the line" alloca-

isewhere in the organisation. Are you not aware that all departments in the BBC are making cuts ranging from 3 to 18 per cent? The £500,000 cut in live orchestral music repre-sents an 8 per cent cut.

In structuring these economies the BBC has guaranteed. expenditure on music in those regions affected by orchestral dishandment. This will ensure employment for many of the musicians from the disbanded orchestras. Indeed, 30 per cent. more money is available for the employment of freelance

You should be aware that we have already encouraged indus-trial sponsorship of two of the orchestras scheduled for disbandment In Scotland there is some support forthcoming while in Northern Ireland there has already been offers of industrial sponsorship from Gallabers. On our part we too have offered money guaranteeing partial support of these two outside over-

There is yet another area of financial support which needs consideration. As I write this I have in front of me a transcript of the proceedings of the Performing Rights Tribunal at which the commercial Radio companies, AIRC, were pleading for a lower rate of needletime. ie the amount they pay for the playing of records. At this Tribunal it has been established that the Musicians Union has at its disposal a "sinking fund" of nearly one million pounds as a result of it receiving 121 percent of the revenue derived neath them." On the contrary, day as possible. In this situation the record companies secretaries (and surely Mr. tion, word processors become a needletime levies on the broad- Fisher is better placed than slow, frustrating irrelevance to casters. This sum is growing most to know the distinction what is currently often a slick at the rate of £500,000 a year, between

(which, of course, is worth a often associated with our work much larger sum now, one might and will give us the opportunity from going out of existence." There is another telling quote

which needs bringing to your notice. Mr. Bateson, the counsel for the AIRC, had this to say,
"Let me just pause for a enthusiastic are we about such J. N. Chapple,
moment and say this The BBC new technology that the theme 142, Wimbledon Park Road, of the best recent creations is held in Paris in September this in real trouble. If the Musicians' Union's present sinking fund were invested at current rates the income from that would sup-port that orchestra effectively and easily for an indefinite period of time, and others as well; but it is not being done and it is not being done because this payment to the Musicians' Union is not a payment for the benefit of anybody but the union which retains it." It may well be time for the union to consider supporting some orchestras and running them economically using the profits to pay for this support

Finally, you suggest long term

consultation between the BBC and other arts sponsors as one of the answers. We have been consulting for years. The writer of your editorial is knowledge-able enough to know that in the same agonising reappraisal about our orchestras. At this time we were assured in the House by John Stonehouse him-We were encouraged to have long discussions with the Arts You advocate making cuts Council about subsidy of our orchestras. We did but no subsidy was forthcoming. In these matters we cease to be infled by spurious promises and facile suggestions. The reality is that in a country beset by economic turmoil the cultural life must be diminished. Even so, six orchestras (three symphonic and three light), a total of 349 players, will remain. Some £6m a year will be spent on live music — £3½m on the house orchestras and £2½m on employment of freelance and ad hoc

> Aubrey Singer. Broadcasting House, W1.

Irreplaceable secretaries

From Miss S. E. R. Stuart

with interest the correspondence you have been running task can be accomplished in under the heading "Irreplaceable Secretaries," and while reluctant to add to this, I feel I must refute the allegations in Mr. David Fisher's letter to you (June 3), particularly in view of the emotive phraseology in which he has indulged.

The confusion between secresecretaries, and I can assure "impersonal and rather be activity as near the end of the 9, Kingsway, WC2.

In one case Mr. Morton, the "shorthand typists") welcome carried out efficiently. Where general secretary of the such new technology. We realise the act often falls down is when Musicians' Union, says "during that this kind of innovation the secretary's english standard relieves the executive secretary or feeling for layout and forms of a great deal of the drudgery design is poor. There is no the 1960s the fund had been relieves the executive secretary very usefully used—£14,000 of a great deal of the drudgery

In my own organisation, for instance, which comprises secretaries, which comprises secretaries and fields of industry. Scottish Orchestra which is one of our annual conference to be SW18. year is to be "The Electronic

of their time.

Mr. Fisher's idea that bosses may lack the courage to insist their secretaries learn these new skills would be laughable if it were not so insulting to the intelligence and manage ment ability of the men who employ us. And certainly secre-taries do not feel "superior" to those who will become word processor operators. They are entitled to be paid well and adequately for the job they do. but their skills are different to those of the professional secretary (whether or not she is called upon to use a word processor) and their salary structure should not be considered to be "one and indivi-

PR Officer, UK, European Association of 15, Surbiton Court, Surbiton, Surrey.

From Mr. J. N. Chapple

Sir. - The emotive letter by David Fisher, Covent Garden Bureau's MD, printed in your issue June 3 obscures an important point about word pro-cessing and secretaries, with which your readers may not be aware. It can easily take longer to correct and turnaround correspondence and memos using W/P equipment than with an ordinary electric typewriter, even when an experienced W/P operator is involved. Thus managers and secretaries are often the target of much mis-directed selling of such machinery as the modern word processor.

The following trivial example shows how time consuming it is to use a word processor to from a letter involves the following steps: load a floppy disc, initialise it, search for the letter on it, move the cursor to the edit position required, enter the comma, update the original copy of the letter, print the letter. Sir,-I have been following Letterhead is assumed to be in the machine, ready. The same about one quarter of the time on an electric typewriter. Clearly the case for a word processor becomes progressively better, the more extensive the complexity of alterations and the more pristine the required quality of top copy.

Many managers' requirements taries and word processing staff are for end of day proof-checkseems to be his, rather than the ing, correcting and issuing of folders of short letters and him that secretaries do not feel memos, all done in a short burst that the new machines are of combined manager/secretary

"secretaries" and double act between two people d typists") welcome carried out efficiently. Where reason to suppose that a word processing operator is likely to suppose it is worth something of providing our bosses with the be any better possessed of such like £60,000) had prevented the kind of assistance they require skills. Incidentally, can some-Royal Philharmonic Orchestra to make the most effective use one explain why Secretarial Colleges seem unwilling or

The truth about oil

From the Director General, United Kingdom, Petroleum

Industry Association. Sir,—Ray Dafter ("Public Illusions About Energy"—
June 4) poses the question 'Can you believe what the oil companies tell you?," and declares that "from the general public's point of view" the answer is in the negative.

'Leaving aside the doubtful proposition that the general public has any single view about anything, it is clearly important to know what exactly the oil companies are supposed to be telling the general public.

In terms of recent historical fact, of present performance and of future investment commitments, the oil companies who are members of this Association, supplying more than 90 per cent of the UK market, are explicitly dedicated to the provision of transportation fuels and petrochemical feedstocks for as long as supplies of crude oil are procurable and to the provision of middle distillates and fuel oils to the extent they are not replaced by coal, nuclear or other substitutes. In this context, the general public may safely believe what the oil companies are saying.

In the field of future projections, all oil companies have undoubtedly made estimates in order to provide some kind of published their forecasts. But although such estimates are prepared with care and upon assumptions deemed defensible, there is clearly room for debate, make a trivial alteration to a and the companies themselves letter: To add a comma missing would certainly not claim any special prescience or capacity for influencing the outputs of other energy sectors. In this context, the general public will obviously make judgements about the credibility of what the oil companies are saying.

> Meanwhile, oil remains the marginal, swing source of energy, and in an increasingly complex international oil trading situation the task of meeting that requirement is foremost among oil company objectives. In that endeavour they will value the support and understanding of all sectors of the community. Certainly they would gain nothing by fostering illusions or the kind of deli berate obscurantism suggested by Ray Dafter.

UK: Lord Carrington, Foreign Minister, inaugurates Common-wealth Press Union annual conference, Marlborough House.

GENERAL

Mr. Roy Jenkins, European Commission president, speaks at Parliamentary Press (lunch, House of Commons. Mr. Joe Gormley, National

Union of Mineworkers president, meets Sir Derek Ezra, National Coal Board chairman, to discuss suggested Welsh mine Sir Peter Gadsden.

Mayor of London, opens Guild of Artists exhibition. Qantas Gallery, Piccadilly; takes porting Countries (OPEC) oil

House. European two-day seminar on international financing in coming year, Savoy Hotel,

Overseas: EEC Finance Ministers meet in Luxembourg.

EEC Social Affairs Council meets, Luxembourg. Organisation of Petroleum Ex-

House of Commons: Health Services Bill, remaining stages.

second tions) Order. Select Committees: Public

ing, Basle.

June 14).

Today's Events

International Machine Tool OFFICIAL STATISTICS exhibition opens, Zagreb (to PARLIAMENTARY BUSINESS

Wholesale price index num-bers (May—provisional). Retail sales (April—final). Hire pur-chase and other instalment credit business (April). Housing House of Lords: Housing Bill, credit business (April). econd reading. Export of starts and completions (cods (Control) (Iran Sanc-COMPANY MEETINGS starts and completions (April)...

Accounts. Subject: Tobacco duty. Carry-over of funds at end of financial year. Witnesses:

Customs and Excise. Department

of Transport. Room 16, 4.45 pm.

Treasury. Subject: Efficiency of Civil Service. Witnesses: Civil

See Financial Diary on page

The worst bank hold-ups aren't caused by the people that walk into banks,

they're caused by the banks they walk into.



Having the Bank of Boston as your second bank will improve the relationship with your

first bank. It will remove the nigeling problems that costyou money and can harm the relationship.

It can get international payments credited to you in one day instead of six, keep your financial officer in direct touch with an experienced foreign exchange dealing department instead of a local branch and giveyou personal contact with an experienced international banker.

Bank of Boston is one of the top ten US international banks. It has branches and affiliates in 43 countries. It's one of the oldest continuously chartered banks in America, older even than Bardays, Midland, Nat West and Lloyds. And it's been going strong for 58 years in the United Kingdom.

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advertisement) to put our sophisticated personal service to work for medium-sized U.K. companies.

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Contact: Chris Howe at The First National Bank of Boston, Bank of Boston House, 5 Cheapside, London EC2P2DE Tel: 01-2362388. Telex: 885125.



Competition makes better banking.

CHICE DE ARCENTINA; ALETRALIA; BAHAMAS; BOLIVIA; BRAZIL; CHANNEL EL ANDS; DOMINICAN REPUBLIC; FRANCE; GERMANY; GUSTEMALA; HATU; HONGKONG; JAPAN; KORBA; LIXEABOURG; MEXICO; NIGERIA; PANAMA; SNGAPORE; SPAN; UK; USA; UBLIGUAY; VENEZIEF A

Charterhouse pays £13m for U.S. textile concern

BY ANDREW FISHER

CHARTERHOUSE GROUP, which is extending its U.S. interests through the \$30.5m (£13m) purchase of a North Carolina textile company, expects to announce a further deal in the shipping services sector this week.

The British investment and banking group is buying most of the assets of PRF Corporation, a bedroom and bathroom textiles company, shares of which are traded in the U.S. on the over-the-counter market.

The acquisition follows Char- Pawson. terhouse's entry into the U.S. textile field earlier this year interests. "We have identified with the purchase of a 49 per cent stake in Carleton Woollen in that field." Mills, based in Maine.

Carleton, which accounts for around 8 per cent of U.S. woollen fabric output, is also the country's leading maker of billiard cloth. The stake was taken by the UK group's development capital subsidiary. Group Inter-

We are going through the the chairman of Charterhouse Japhet North America, part of

	. —		•
The following	ig compenie	have noti	Sed
dates of Boa	rd meetings	to the St	ock
Exchange. S	uch meeting	is are usu	gÜy
held for the			
dividends. C			
available as			
interims or fi			
shows below			
		maunia ou i	
year's timetal	NC.		

TODAY -Durban Roo East Rand Proprietary Mines. Finals:--Astociated British Foods Blyvogruitzicht Gold Mining, N. Brown Coffyns, Grest Portland Estates, W.

several strong entrepreneurs ness.

owned company with transport activities on the East Coast and in the Mid-West. A board meeting of Charterhouse executives in the U.S. is being held today to discuss the project, he

textile industry looking for niches." said Mr. Philip Behr, a European partner included in Financial Times the deal, though he declined to Kennedy mention details. He described the group's merchant banking the U.S. marine company as Lancaster (D. M.) (Leisure)

ABERTHAW

26,152

1.001

1,261

32.12p

8.4381p

(260)

CEMENT

Extracts from the Chairman's statement at the Annual General

Meeting held on 6th June, 1980.

Copies of the Report and Accounts may be obtained from The Secretary, Aberthan and

Bristol Channel Portland Cement Company Limited, Beynon House, Mount Stuart

Scheme for conversion to coal firing now completed and kilns

Strong recovery in second half of 1979.

operating satisfactorily.

Turnover

Taxation

Square, Cardiff CF1 6DR.

Encouraging start to 1980.

Profit before Taxation

Profit after Taxation

Earnings per Share

Total Dividend per Share

BOARD MEETINGS

ьd	FUTURE DATES	
ck	Interime:—	
Ϊy	CroniteJun. 2	4
ng	Flexello Castors and Wheels Jun. 2	26
ot	Kershaw (A.) Jul. 1	
78	Rank Organisation Jul. 1	
15	Finals:—	
st	Amber industrialJun. 1	2
J.	Brickhouse Dudley Jun. 2	ž
	Ferranti	×
	Highgate and Job Jun. 1	2
٥.	James (Maurice)	
	Mansfield Brewery Jun. 1	
_	Property & Reversionary Invest. Jun. 1	
5,		
Π,	Staveley Industries Jun. 1	
L	"The Times" Vanser Jun. 1	
	Tennung lun t	•

"one of the largest in the busi-

In the UK, Charterhouse is He said the impending ship- currently engaged in an agreed ping services deal would involve £43m takeover bid for Keyser a major stake in a privately- Ullmann, the merchant bank

FT Share Information

1978

£000

21,064

1.246

1,047

26.61p

7.5457p

The following securities have been added to the Share Info-mation Service appearing in the Brookes (Section: Hotels)

Pentos in takeover mood after new capital injection

Pentos will be on the look-out Poundation have agreed to subfor suitable takeover opportual- scribe for £3.6m worth of ties in the publishing and engl- ordinary shares (4m), deferred neering sectors following the ordinary (1.11m), and 13 per agreed injection of some £4m of new capital from British and U.S. investment interests, said Mr. Terry Maher, chairman of investment banking house, is to diversified industriai

I believe that opportunities in the next two years will be very exciting and perhaps even than in the 1974-75 period," he said at the weekend. The extra capital would enable Pentos to reduce its borrowings and develop more financial muscle, he added.

The bulk of the new capital-£3.6m in shares and loan stock being subscribed by Westpool Investment Trust and the Ravne Foundation in the first deal agreed by them since the recent reorganisation of property financier Lord Rayne's business interests, which also involve the S. Pearson industrial, finance and publishing group.

cent convertible unsecured loan

stock 1990 (fi.1m) in Pentos. Weiss Peck and Greer, a U.S. put up £400,000 for 640.000 ordinary shares and 177,777 deferred. Mr. Philip Greer, a Mr. Philip Greer, a non-executive director of Pentos, is a partner in Weiss Peck.

The ordinary and deferred shares are being issued at 50p and 45p respectively, levels that were rather left behind in a small burst of speculative buying on Friday when they closed at 56p, up 6p, and 49p, up 3p. Westpool and Rayne will end

up with just over 10 per cent of Pentos, or 13 per cent on full loan stock conversion. "It is loan stock conversion. more attractive than a rights "said Mr. Maher of the proposed share issue. Lord Rayne has funds in the U.S. managed by Weiss Peck through which he came to know Pentos, he added.

Brook Street hopes for better overseas result

CONDITIONS IN the current Brook Street Bureau of Mayfair from the Hong Kong branch. The than they were in 1979, Mr. Eric Australian subsidiaries returned Hurst, joint chairman, says in his

economy will, he hopes, he lessened by better results from expansion to be pursued whether abroad and by the reduced charges against revenue reculting. annual statement. charges against revenue resulting from the expected completion in July of the 18-months pro-gramme of computerisation and refurbishment.

The current year has started particularly in the second-well in the U.S., while another will be less buoyant for profitable period is expected from the Hong Kong branch. The to profits in 1979 ater three years

> it be by way of acquisition, the opening of new branches or the creation of further divisions specialising in particular cate-gories of staff, the chairman

Headlam Sims using asset strength to fight imports

IT IS important that Headlam, on May 29. However, the divi-sims and Coggins, footwear dend is being raised from an manufacturer and distributor, uses its strong asset base to continue to search for new methods. points of sale and sources of supply to counter the effects of cheap imports and the high level of inflation, says Mr. A. H. Coggins, chairman, in his annual statement.

He believes the group is better placed than the majority of the sector of its industry to take advantage of any opportunities

Pre-tax profits fell from £427,833 to £389,110 in the year to January 31, 1980, as reported

will be at least maintained for the current year.

The chairman says that first quarter sales at R. Coggins and Sons, the industrial and sports footwear manufacturing subsidiary, showed a marked increase over the same period last year. He expects satisfactory full-time results.

A further improvement in profit levels is anticipated from Simlam, the sports and footwear

distributing offshoot. Meeting, 12a Upper Berkeley Street, W. June 27, 11 am.

Crown Agents showing

more positive trend The 1979 accounts of the account along to a £10.7m surplus for the year. Crown Agents for Overseas Governments and Administration The operating account shows a shows that the deficit on the pre-tax profit of £524,000 for

1979, against the previous year's funds in short-term financial £1.55m. The Agents' policy is to break even, but Mr. Sidney Eburne, chairman and chief agent, warns that action has to be taken this year to avoid

slumping into loss,
Accordingly, the Agent is raising its fees for the first time in four years, and negotiating charges tailored to individual which absolved the Agents from an obligation to repay a £175m grant, allowing the money to be taken into reserves. Further contributions came from the customers. The group is aiming to cut budgeted costs by 10 per release of provisions made property cent in the current year. Part of this will come from an early retirement scheme for senior of the Agents' staff, for which £740,000 has been provided.

forays into fringe finance is con-tained in a realisation account, A current cost accounting from the operating statement of operating account revenue shows that the £524,000 covers current trading. The majority of situhistoric profit turns into a £1.9m loss after adjusting for inflation.

Money held on deposit with
the Agents — predominantly
governments and public institutions in the developing world ations in the realisation account were, static through the year under the attention of receivers shrank from £313m to £179m. But this is largely due to the trans-ferring of money not immedi-

and liquidators. But rising rents in Sydney Melbourne led to useful

account covering the Agents'

property and fringe banking

The main contributor to the

recovery is the Government

Anstralian

dollar

loans has shrunk from

£203.6m of 1978 to £17.9m.

against

liabilities.

distinct

loans and

The rump

ately required for trading into the Agents' money-managemen

The Agents places clients

markets for a fee, and was handling £2bn at year-end The Agents managed international aid totalling El din including £367m disbursed by the British Government.

Developments within group included the establishment of a Health Care Services division, which draws together procurement of drugs, staff, equipment and buildings. Agents is also fullhering expertise in renewable energy sources, including a wave energy programme in the South

On January 1 this year, the Crown Agents was incorporated by Act of Parliament. It had previously been an office of the Crown, though not a department of government. The move has no effect on trading.

The realisation account has been incorporated as the Crown Agents Holding and Realisation

Excess Insurance tops £7m

PRE-TAX PROFITS of the London and Edinburgh General time shipping losses reaching Excess Insurance Group jumped Insurance Company, £3th. unprecedented levels. from £1.69m to £7.19m in 1979 Total capital and surplus Excessive reinsurance capacity Excess Insurance Group jumped from £1.69m to £7.19m in 1979 while net profits were £3.2m, against £1.64m. However the outlook for 1980 is not too premium, increased from 133 encouraging. Mr. R. A. Barberis, chairman, tells shareholders.

The forecast is for little real economic growth in the UK while there is still strong competition in the insurance market. In the U.S., the current down-turn in the underwriting cycle expected to continue, the chairman states.

The group is continuing to improve its statistical information base and this together with forecasting and underwriting techniques will help Excess to keep pace with changing market conditions.

Written premium income in sterling terms increased by 6 per cent in 1979 and allowing for the impact of exchange rates, the underlying growth was 9 per

Investment income excluding long-term operations rose by 20 per cent to £11.9m materially assisted by higher yields on cash and bonds. Directors have increased the bond holding and decreased equity investments during the year, and they expect this pattern to continue.

The opportunity has also been taken to rationalise the capital structure of the group and it is planned that Excess Insurance Group will have an issued and paid up capital of £20m, Excess Total capital and surplus available in group companies at year-end is £35.6m. Insurance funds as a percentage of written

per cent to 144 per cent.

Conditions for most London market classes of business again reflected the surplus of capacity and inadequate rating of long tail liability coverages.

The treaty reinsurance account, as expected, grew only marginally as a result of stronger world wide competition and declining profit margins, particularly in the U.S. Underwriting profit was lower than the

The home foreign casualty and contractors accounts were both profitable, reflecting more controlled underwriting of recent

In UK operations further encouraging progress was achieved in the development of commercial property liability business notwithstand-

little growth in the economy Personal accident achieved significant growth while UK motor and homeowners results recovered well.

In marine, a small profit was realised from 1977 and earlier underwriting years. However, performance in subsequent years continued to give much cause for concern and the 1879 underwriting year has undoubtedly been a most difficult Insurance Company, £15m and period for insurers with peacein turn caused a further poor year for the aviation insurance market, but overseas operations reported improving results.

At the end of the year directors transferred the life - ITT Hartford Europe. This company will be under the direction of Abbey Life.

Gal. Preciados ... Iberduero
Petroleos
Patroliber
Sogelisa
Telefonics

> WORLDWIDE FUND LIMITED

Union Elect.

Net Asset Value per \$1 share as at 30th May, 1980, \$19.57

A commodity futures trading fund

Why are so many international industrial companies struggling for survival instead of growth? Because when change came they weren't ready for it.

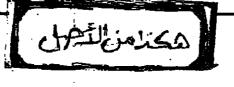
BTR was.

And we turned it to advantage. It was our realistic and flexible response to market opportunities throughout the world which brought us success in so many key industrial sectors.

And that's one thing that won't change.



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Spanish Modernist Painters On view at our newly opened offices,

100 Cannon Street, London EC4. Entrance in Laurence Pountney Hill. Tues. 10th June -Thurs. 26th June. 11 a.m. - 4 p.m. (Monday - Friday) Artists are: Daniel Vazquez-Diaz. Ricardo Baroja. Jose Gutierrez Solana, Ignacio Zuluoga, Dario de Regovos.

100 Carnon Street, London EC4N 6EH Telephone: 01-623 3060

BANCO DE BILBAO

general managenent international alcala ia madrid. Spain.

M. J. H. Nightingale & Co. Limited

£0000 B		Last	Change	Gross	Yield	
capitalisa	л. Сотралу	price	on week	Div (p)	%	₽/
3,584	Airsprung	62	+2	6.7	. 10.8	3.7
800 .	Armitage and Rhodes	32	-2	3.8	11.8	2.1
8,707	Bardon Hill	285	+5	13.8	4,8	8.4
790	County Cars 10.7% Pf.	78	_	15.3	19.8	_
6,282	Deborah Ord,	91	2	5.0	5.5	10.0
4,387	Frank Horsell	117	-5	7.9	6.7	7.3
13,291	Frederick Parker	92	-4	12.8	13.9	4.2
2,214	George Blair	104	_	16.5	15.9	-
1,875	Jackson Group	75	+2	6.0	8.0	2.9
14,354	James Burrough	104	-1	7.2	6.9	9.1
3,060 .	Robert Jenkins	300		31.3	10.4	3.6
3,431	Torday	223	-2	14.3	6.4	5.8
2.885	Twinlock Ord	131,		0.8	6.2	2.6
2,075	Twinlock 12% ULS	76	÷ż	12.0	15.B	2.1
6.268	Unilock Haldings	48	12.	2.6	5.4	40.
390	Unifock Holdings New	45	=			10.2
11.367	Walter Alexander	90	-2			9.6
4,901	W. S. Yeates	210	-2	4.4	4.8	6.0
-,,561	11, U. 198WS ,	210	_	12.1	5.8	3.4

FINANCE FOR INDUSTRY TERM DEPOSITS Deposits of £1.000-£50.000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 27.6.80.

Terms (years) 3 Interest % 14 14 14 14 14 14 14 14 Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road. London SE1 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

Lec Refrigeration

Points from the Accounts and Statement by the Chairman, Mr. C. R. Purlen

- ★ Net sales for 1979 were £27.3 million, slightly up on 1978.
- ★ Profits of £1,618,000 (1978—£1,563,000) should be considered satisfactory. Total dividend for the year of 3.70p per share (1978-2.89685p).
- ★ Current year to end April showing significantly improved sales compared with same period last year and hopeful of maintaining momentum.

SHRIPNEY WORKS, BOGNOR REGIS WEST SUSSEX

U.S. \$50,000,000

PUGET SOUND POWER&LIGHT COMPANY

Credit Facility

S. G: Warburg & Co. Ltd.

pre de Paris et des Pays-Bas

BY NICHOLAS COLCHESTER AND PETER MONTAGNON

Iwo coups for the Eurobond market

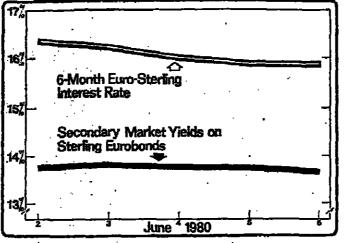
With the dollar Eurobond arranging as a Tankee bond in primary and secondary markets New York. While Mr. Andre both in splendid shape the George, the EIB Treasurer, was world Benk made its long per cent from Merrill Lynch in swaited debut with the an New York CSFB struck with an nouncement of an issue to raise nouncement of an issue to raise offer to but the entire issue at \$300m. for seven years. The 11-per cent. coupon is to be 101 per cent.

—quite a test for a market Mr. George called this "an which Mr. Eugene Rothers, the aggressive offer "and Mr. Hans World Bank treasurer, regarded Jusgen Rodiof of CSFB says at a "market of candidy that he was anticipat intermediaries who over time may the market in making the worked out their inventories."

The coupon is a fed 2 new agent for the FIB put its Yankee The coupon is a fed 2 new agent.

for such a maturity. least same investment banking already trading in the pre-suitors were going to feel market at a discount confortably aggrieved at the final line-up of less than the selling concession. rate. managers. The issue marks the first time that the World Bank has raised dollars outside New

The coupon is a full ! per cent on ice, together with a \$100m, below last week's "going rate" 20-year financing it was arranging at the same time. With the Paribas won the job of manag-ing the issue and the word be-force the weekend was that at week the EIB Euro-issue was Both the EIB and the World Bank were probably helped in sector—prices were up by 1



The strength of the dollar

market at a discount comfortably be priced at the current going coming Pemex tap issue might also be cut or that the initial 9 per cent honds. the projected \$75m.

has raised dollars outside New York and the first time that the bank with its predilection for bond market by the fact that the formal dollars through a public issue already had its hands full with since 1977.

Another coup for the international dollar bond market over its U.S. counterpart was Credit Sulses First Boston's lightning gazump of a \$100m eight can anticipate tomorrow's year financing which the European Investment Bank was whereas Yankee issues tend to the coupon of the their move to the Europollar points over the week made it bend market by the fact that the Europollar points over the week made it bond market on Friday was since 1975 and investors are dollar market on Friday was still somewhat wary of this still somewhat wary of the form that the Europollar points over the week made it certain that the Europollar points over the week made it certain that the Europollar bond of IBM (Canada) was a news that unemployment in the U.S. while whole-sell out at its coupon of 10½ jumped in the U.S. while whole-sale prices are declining, but much of the buying continued to come from U.S. based in the first deal it had lead managed.

Meanwhile, the coupon of Hudson's Bay Company \$50m their side of the week on a sector closed the week on a decrease of the political risks involved. None the sale prices are declining, but much of the buying continued to come from U.S. based in the first deal it had lead managed.

Meanwhile, the coupon of Hudson's Bay Company \$50m their side of the week on a demonstrate how, when yields are moving decisively down wards, the Eurobond market over its still that the European investors are dollar market on Friday was sall of the form that the European investors are dollar market on Friday was that unemployment because of the political risks involved. None the sale prices are declining, but much of the buying continued to come from U.S. based in the first deal it had lead managed.

Meanwhile, the coupon of the internation of the coupon of the structure of the coupon of the dollar marke

The show of strength in the dollar sector made a rather overwhelming background for the Eurosterling FRN from Lloyds Bank. This £50m issue had a rather luke-warm recen tion and was quoted in the grey market at a rather shaky minus 11-13 while the Scandi-navian Bank Eurosterling FRN was quoted at a mid-price of 971 on Friday afternoon.

DM foreign bond prices also moved sharply ahead on Friday in sympathy with the lower interest rate trend for dollars. Prices gained ! point on the day, though their gain on the k was limited to a point.

hesitant reception for South Africa's DM 120m seven-year tranche would be raised from marks the country's first public

						•	Offe
Borrowers	Amount	Maturity	Av. life years	Coupon	Price	Lead manager	yîel %
	77%	Placelity	754,3		* 1 MeE	· · · · · · · · · · · · · · · · · · ·	
U.S. DOLLARS	100	1990	10		•	Salomon Bros.	•
††Kingdom of Sweden	100	2000	13.09		*	Salomon Bros-	•
††Kingdom of Sweden	790 7 0 0	1928	.8	•		Merrill Lynch	•
††E18 ††E18	100	2008	13			Merrill Lynch	. •
Pemex	75	1988	6.73	173	100	SBC, Merrill Lynch	11.750
‡IBM Canada	20	1985	5	10 <u>‡</u>	100	Wood, Gundy, Morgan Guaranty, Salomon	
						. Bros.	10,500
Hudson's Bay Co.	SO-	7990	70	112	100	Morgan Stanley	11.750
tels	100	1988	8	112	100	CSFB	77.000
#SOFTE (g'teed STET)		1990	7.	6 ļ ф	100	Sumitomo Fin. Inti.	6,606
§5wiss Bank Corp O'	,	11,70	-	-2.			
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World Bank	300	1987		10}		Paribas .	•
			<u> </u>				
D-MARKS	-	1007	7	87	100	Deutsche Bank	8.87
r*Estel NV	50	1987	• .	o į	100	PERMIT ANT	
‡Banco Nacional						• •	-
Desenvolvimento	120	1000	8	91	991	Commerzbank	9.342
Economico	150	1988	7	9	10h	Deutsche Bank	9.000
Republic of S. Africa	120_	1987	_ <u>'</u> _		100	Death Land	
FRENCH FRANCS			•	·			
SNCF (g'teed France) 550	1985	<u> 5</u>	13%	<u> </u>	CCF	
SWISS FRANCS							
Asian Development 8	k. 60	-1990		6}	100	Credit Suisse	6.25
Central Finance Co.						•	•
lanan (g'teed				_			4 274
Tokai Bank)	30	1985		6]	100	Morgan Grenfell (Swis.)	6.25
‡§Tyco Intl. Fin NV	40	1992	_	61	100	Bank von Ernst	5.93
‡Sekisui Prefab Home		1990	'	<u>6,</u>	1003	UBS	5,751
*Transcanada Pipelines	300	· 1986		54	100	UBS	7.0 -7
STERLING							
t†Lloyds Eurofinance N	[Y 50	1990	`` TO	8Ф	100	Lloyds Bank Intl.	8.160
LUXEMBOURG FRA							
Swedish Invest. Bank		1988	6	114	100	Kredietbank (Luxem.)	77.250
**FN International	250	1985	5	127	100	Paribas (Luxem.)	12.250
YEN							
7 CM Finland	156n	1987	6	8}	*	Daiwa Securities	•

CREDITS

BY PETER MONTAGNON U.S. BONDS Argentine bank raises a jumbo loan

BANCO DE LA Nacion Argentina is raising a \$500m credit from international banks on does not bear any official guaran-

split spread of 14 per cent on Petroleum announced late last the latest Argentinian borrowing, which is a \$70m, 10-year other large deals in the pipeline transaction for Aerolineas which are beginning to swell the

de la Nacion deal actually represent a softening of terms for According to bankers close to Argentinian horrowers. But they the borrower in Copenhagen, do underline once more the several offers have been high credit standing at present received on the basis of a flat enjoyed by the country in inter-spread of 1 per cent.

eight-year credit with a margin the medium-term market. Euronational capital markets.

This would be the same of 1 per cent throughout pean Banking Co. Ltd. said it

JE FUND

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Banco de la Nacion is a stateowned bank, but the transaction

volume of activity in the credit

\$500m, eight-year

very fine terms. The margin has been set at a per cent through out the crediffs five-year life.

A management group was being formed at the end of last week with Morgan Guaranty action as agent.

Besides this deal and the terms compare with a split surged of last the sent on Permieum announced late last special special standard of last special special special special special guaranty and the republic. The puts Denmark somewhat behind sweden in credit standing, as that country is currently arranging an \$850m borrowing on a split margin of last country is currently arranging an \$850m borrowing on a split margin of last the sent on landing to Eastern Europe as far as U.S. banks are constitutions. that country is currently Meanwhile, the \$200m credit publisher in arranging an \$850m borrowing being raised by Czechoslovakia's and Belgium.

> Thailand, while Brazil's Eletro- banks bras is sounding out banks on the mandate by the Thai autho- deal is reported. rities, but final conditions have yet be fixed. Thailand's last deal, a \$100m,

as far as U.S. banks are con-Also reported to be immin- cerned. The deal has been ent is a large credit for fully underwritten, but no U.S. banks are participating. Managers are Lloyds Bank Because of the difference in markets.

That credit of \$250m or more. The International, Creditanstaltmaturities, it is hard to judge whether the terms on the Banco

sepected to decide today on a least \$300m. Several and Deutsche Bank. Some Arab banks have been shortlisted for and Japanese interest in the

Last week also saw the relatively rare phenomenon of a Dutch corporate borrower in eight-year credit with a margin the medium-term market. Euro-

spread as that on the \$225m managed by Societe Generale, had been mandated, together credit arranged for Denmark in did not fare particularly well with Bank Mees en Hope, to April by Privatbanken AS. It in the market place as bankers raise \$50m on a club basis for puts Denmark somewhat behind believed the proceeds were for Sweden in credit standing as military purposes. Verenigde Nederlandse Uitgemilitary purposes. versbedrijven, a leading Meanwhile, the \$200m credit publisher in the Netherlands

> Maturity is seven years, with three grace, and the spread is } per cent for the first three years and i per cent thereafter. The front end fees amount to per cent flat. EBC is running the books and Banque Europeene de Credit will act as

Following news of Enher's 10-year, \$75m credit with its \$ spread, the City of Madrid is expected to tap the credit market for \$100m with a guarantee of demand for bonds which evi-from the Instituto de Credito dently arises from investors' Oficial. Involvement in this eagerness to lock into double deal is expected to come predominantly from Spanish banks and the terms are unlikely to be quite as fine as those on Enher's credit.

Note: Yields are calculated on AIBD basis.

Scramble to catch high yields CONFOUNDING widespread fallen, and are now scrambling the prospects for a return to predictions of a "rebound" or to catch up. more orderly conditions have

a "consolidation." the U.S. credit markets maintained their extraordinary advance last week, absorbing another huge volume of corporate and govern-ment issues, and helping to bring interest rates to new lows for this stage of the cycle.

At the present pace, June's new issue calendar could come close to the record \$6bn issued

pent-up needs that were un-corked by the record decline in interest rates in the last eight weeks. But the market has also been impressed by the strength digit yields while they are still available. The word "panic" may be a bit too strong, but investors have clearly been taken completely by surprise by

A hint of the speed with which they must move came on

Wednesday when Coca-Cola successfully launched the first bond issue in nine months carrying less than 10 per cent yield: 9.914 per cent. Actually, this is Coca-Cola's first such foray into the credit markets, so it was able to command a special price: regular borrowers (including the U.S. Treasury) are still paying over 10 per cent. But these The thirst for long-term yields compare with 18 per cent credit reflects, of course, the or more only two months ago. The shift into long-term

money has contributed to the sharp decline in short-term rates: three-month Treasury bills pierced the 7.50 per cent level last week, and the key Fed funds rate came its closest to setting a weekly average of 10 per cent.

The credit markets got a lot of encouragement from economic backdrop: with unemployment soaring the speed with which rates have inflation apparently falling off

greatly improved. However, the more the

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economy weakens, the more nagging becomes the worry in some people's minds that the Fed will succumb to political pressures to stimulate the economy artificially. Mr. Elliott Platt, money mar-

kets economist at Donaldson Lufkin and Jenrette, the Wall Street investment house, predicts in his weekend newsletter that the Fed board will hold one of its secret telephone conferences this week and decide to bring its target range for Fed funds below the 9-11 per cent that its recent interventions suggest it is aiming for.

Week to Week to

moth. Treas. Bills	7.38	7.71
mth. Cert. of Dep.	8.60	6.85
d. Funds wkly. av.	10.40	10.76
eas. 30-yr. Bond	10.05	10.28
g-trm. AAA utility	11.00	11.38
gtrm. AA industi	10.38	10.63
Source: Salomon Bri	os. estin	ıztes.
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FT INTERNATIONAL BOND SERVICE

OTHER STRAIGHTS

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Bank of Ireland 5% 89. Bank of Tokyo 5% 89.	‡0% ±0%	964 974		21/8 25/10	11.81	11.99 16.88
"Batclays C/S Inv. 5 9	0.0%	97%	98%	13/8	141.	14.52
Bergen Bk. A/S 6 89	#014	96% 98%		29/8 11/7	10	10.31 14.82
Baue, Indo Suez 54 8 Citicorp O/S F. 6 94	9 04	384	987	8/6	18.81	19.10
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Ciricolan D/S F 84	_ 20		99 1012	30/6 18/9		9,94 19,22
C. Itoh 5 87	. 04	98	98	15/11	11.44	11.64
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LTCB Japan 5 2 89 Mirs. Han. 0/S 54 94.	. #0	972	98	31/8	97,	10,10
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Nacional Fig. 64 86 Nat. Wast. 54 94				11/10		18.35
Nippon Credit 812 86	. 04	37	98¥,	12/7	14.44	14.75
Nippon Credit 512 85 Nippon Credit 516 87	. #6%	974	381,		144	14.67 19.62
Royal Bk. Scot. 54, 94 Soc. C. de Bous. 62 8	0 ZU~a	307	95%	3/10	20.06	19.72
Sogenal 54 89	. 50°4	981	984	13/7	14.44	14.68
Standard Chart. 54 90	1374	100%				17.08
Sweden 81, 91	. ‡0%	97%	984	18/10	187 ₁ 187	19.01 18.27
Williams & Glyn 5% 9 Bg. E. d'Alg. 4% 89 S		183	85	18/6	6.69	
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CONVERTIBLE		Cnv.		Offer		Pram !
BONDS						
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-	The Flasncial Times Ltd., 1980. Reproduction in whole or in pairt in any form not parmitted without written
ŀ	consent. Date supplied by inter-Bond Services (a sub-

1	BONDTRADE	INDEX /	AND YI	STD
ı	Mediur	n tem	Long	term
ı	June 5 92,21	10.11	81.74	11.64
ł	May 30 92.26	10.07	81.72	11.04
١	High '80 92.26	(30/5)	89.19	(2/1)
ł	Low '80 86.32	(2/4)	71.54	(29/2)
ı	EUROBON	D TURI	WOVER	
Ì	· Nominal			
Į	U.S.5 bonds	. Ca	del E	uroclea
i	Last week			
Į	Previous week	1,21	7.5	2,952.0
ı	Other bonds			
ı	Last week	40	3.3	442.9
ı	Previous Week	16	5.9	791 9

 No information available. previous day's price.

† Only one market maker supplied a price. STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units ex-

cept for Yeu bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: otherwise indicated. shown is minimum. C.dte=Date next coupon becomes effective Spread = Margin above six-month offered rate (‡three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield

CONVERTIBLE BONDS: De nominated in dollars unless otherwise indicated. Chg. day= Change on day. Cnv. date=First date for conversion into shares Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 lates international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale: Banque Internationale Luxembourg; Kredielbank Luxembourg Algemene Bank Nederland NV Pierson, Heldring and Pierson Credit Suisse/Swiss Credit Bank Union Bank of Switzerland: Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp Inter-national Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corpora-tion; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Orion Bank; Salomon Brothers International Samuel Montagu and Co., Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.;

Closing prices on June 6

ontinenta is at your service.

If you have business in Spain, Continental Bank of Chicago has a Madrid branch to serve you. Continental is the seventh largest bank in the United States, with a network of over 100 offices in 31 countries. In Madrid, as in all our branches, we offer a full range of local and international banking services, providing the experience and resources you expect from a worldwide financial leader. And we look forward to putting those resources to work for you, finding new ways to serve you better.



CONTINENTAL BANK

Continental Illinois National Bank and Trust Company of Chicago Madrid Branch Jose Ortega y Gasset, 29, Madrid 6, Spain

Telephone: 455-7037 Foreign Exchange Department: 276-5185 Telex: 45007 CINB E

NEW YORK	High Low Stock	June 1980 5 High : Low : Stock	June 1980 6 High Law Stock	June 1980 : Stoc	CANADA	HOLLAND	RONG KONG	
High Low Stock 6	46 35 Columbia Gas 5614 271s Columbia Piet 20 161s Corn. Ins. Am 663s 4734 Combests. Eng 1314 71s Combests Fourin	284 24 12 Gt. Basins Pet 577s 277s Gt.Nthn.Nekoos 575g 29 141s Gt. West Firanc	a 51 ₈ 683 ₈ 291 ₈ Mesa Petrolaua 151 ₄ 221 ₄ 151 ₄ MGM a 343 ₈ 74 503 ₄ Metromedia	n 53 91s 55s Schlitz Bri 221s 120 955s Schlitz Bri 701s 26 175s SCM	rw J. 773 1980 Low Stock Liger 1554 High Low Stock	me High Low Price Fla	1980 June 5 Price H.K. 14.40 9.20 Cheung Kong 13.70	
1978 1415 AM Intl. 1714 3513 25 ARA 223 4533 3134 17 AVX Corp. 2845	1314 712 Combustn.Equip 2235 1712 Cmwith Edison 4234 8044 Comm. Satellie 42 1815 Compugraphic	855 1816 14 Greyhound 8156 5176 18 Gruyhound 8157 1816 Gruyhound 8158 5176 1816 Gruyhound 8159 1816 14 Greyhound 8150 1816 18 Greyhound 8150 1816 1816 18 Greyhound 8150 1816 18 18 Greyhound 8150 1816 18 18 18 18 18 18	1516 5576 465 Minnesota MM 611a 5026 Missouri Pac 1776 8916 511e Mobil 1416 1416 754 Modern Merchg	557s 1112 545 Scudder 3 50 2114 123s Sea Contro 7354 5734 256s Seabrd Contro 1019 551s 331s Seasram	10 Y . 114 15 10 Agnico Engle 1 1 216 35 267 Alean Alumn 3 1 28 Algenta Steel 3 55 88 511 Abbestos 3	94 85 65.3(Abold	11.00 8.80/cross Harbour 10.50 7.10 4.85/Eastn Asia Nav. 15.50 115,00 80.00/harg Song Sank. 116	
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31:8 25:4 Campbell Soup 28:3 11: 27:2 197a Campbell Tagg 28:4 73: 18 13:2 Canal Randolph. 15:2 30: 43:a 29:6 Can. Pacific 36:a 13: 30:3 19 Carlisle Corp 30:6 40:3	5 5 Franklin Mint 1058 5 5 Freeport Minl 58 5 5 Fruehauf 2614 8 18 GAF 1256	5636 4478 MCA	71 s 545s Reliance Group. 65	76 51 413; Upjohn	5514 25 261e	2,450 2 055 Gredit Suisse 2,175 2,400: 2,030 Elektrowatt 2,395 880 730 Fischer (Geo.)	,440 980 Telkoku Oll 1,410 600 478 Tes 530 667 557 Tokio Marine 575 585 585 585 585 585 585 58	V
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Northern Ireland

This scheme would not have power-sharing executive and Another a power-sharing executive and the sommon expectation would be that the Rev. Ian Paisley, leader of the Democratic Unionist Party electoral party, would emerge as Prime Minister. This would be because of his massive electoral support chance his massive electoral support in last year's European Parlia-ment elections as well as the British General Election. for Mr. Paisley probably would come to power by forming a coalition with other Unionist Parties. The position of the official Upionists with whom he peace is at loggerheads—but which with five Westminster seats is

still the largest unionist party— By Stewart Dalby The official Unionists did not participate in the 31 months of political talks at Stormont which THE Northern Ireland Office formed the basis of the Northern has been preoccupied with poli-

ing the political impasse, but success in this field could have

an important bearing on Nor-

thern Ireland's economic prob-

The Secretary of State, Mr. Humphrey Atkins, does not seem fascinated by security or

military affairs as was his pre-decessor. Mr. Roy Mason, and government thinking appears to be that a political "solution"

in the province, which, in local

terms, is under governed, could

help solve the dire economic

at 12 per cent is twice the

national average. There has

been no firm information on

Green paper will contain. But

return to a form of thinly-

Areland offices original ideas. tics since the Conservative Covernment came to power just They could well boycott any elections which might be held. over a year ago, and details of the long-awaited. White or Green Paper on political devo-Under the assumed Atkins' plan, the interests of the 500,000 Roman Catholic minority would lution in the province should have been looked after by be released very shortly.

There is no teling at this stage whether the Government's efforts will succeed in unlockweighted majorities in any

assembly elected. It now seems, however, that the special Cabinet committee headed by Mr. William White-law, the Home Secretary, who is a former Northern Ireland Secretary of State, has vetoed the majority rule idea.

Suggestion

The . widespread expectation is that when the White or Green paper is published—probably towards the end of June— it will be a consultative document containing a number of proposals. nelp solve the dire economic. One suggestion thought to be ittigation.

in the draft proposals is that lis industries are old and there would be Cabinet based ailing ones, and unemployment on majority rule but linked to a council of the assembly. This would consist of a number_of chairmen of committees. The what the Cabinet's White or most important committee would be one with control over in Belfast it is being said that, finance, and in effect, Mr. Atkins favours a a Catholic. finance, and would be headed by

Whatever the government's disguised majority rule by the proposals, there is a severe

More moves towards a political solution of the troubles offer renewed hope, but there is no telling whether the Government's efforts will unlock the impasse. Efforts to back industry and provide jobs continue, but an influx of new industries is needed desperately to replace declining ones. Yet, remarkably, some sectors, among them agriculture, are doing reasonably well.

whether Mr. John Hume, leader of the Social Democratic and Labour party, the main Catholic moderate group, could accept any scheme which brings Mr. Paisley to power.

Mr. Hume's party once experienced power-sharing in the short-lived 1974 executive. To settle for anything less now would seem to compromise the SDLP's nationalist position.

More than this, the SDLP, under Mr. Hume, who took over from Mr. Gerry Fitt late last year, has seemed to become "greener" or more Republican. Mr. Hume has been espousing views similar to those enun-ciated by Mr. Charles Haughey, the Republic of Ireland's Prime Minister, and the Irish dimen-

Put simply, this states: Any internal solution cannot work. The problem is the existence of the state itself and a start must be made to bring about reunification of the two parts of Ireland by peaceful means.

When he took over from Mr. Jack Lynch as Eire's Prime Minister last December, Mr. Haughey had the reputation of being a tough Republican. This was because of his involvement in an arms trial in 1970. He was acquitted but lost his job as Finance Minister. Since he became Premier.

however, Mr. Haughey has been markedly moderate. He has tried to reassure Protestants and point out the advantages of kind of union with Ireland. He has even hinted at changing the Irish constitution so that Protestants would not occasionally by force. feel a persecuted minority in a Mrs. Thatcher appears to economic problems, federated Ireland. He realises accept completely the Unionist In itself a political



A solution to the Northern Ireland problem would create a new life for children like these, pictured against the Bogside in Belfast

take forever. He says that the part of the UK so long as the Protestant community wants majority wish it, will be connothing to do with Ireland, not tinued. now or at any time, even if Ireland changes its constitu- is that if there is to be political

Opinion polls and Mr. internal variety.
Paisley's electoral triumphs Assuming there Paisley's electoral triumphs Assuming therefore, that Mr. firmly suggest that the vast Hume, and Mr. Haughey can majority of Protestants, and arguably a good number of Catholics, want the union with Britain maintained.

The Protestants have fiercely resisted any attempt to push them into closer liaison with Ireland, at the ballot box and

that the process of winning over position and has said on Protestants will take a long numerous occasions that the time. British guarantee that To hear Mr. Paisley, it will Northern Ireland will remain

> Mrs. Thatcher's view clearly progress it is going to be of the

accept for the moment that the Irish dimension is on the back burner but some time within the next four years a political sought or imposed, the critical question for Northern Ireland is whether politics will solve the province's security and bе either

will not end the violence nor will it haul Northern Ireland out of the economic pit into which it has sunk, but it could help in both areas.

The military conflict has become one dimensional in that the violent Republican groups, the Provisional IRA and the Irish Liberation Army (INLA) are pitched against the security forces. There are 12,500 British soldiers including the local Ulster Defence Regiment, which has 900 part-timers and fulltimers. The Royal Ulster Constabulary is having its strength boosted from 6,500 to 7,500. The UDR and the RUC are made up mostly of Protestatus. But the Protestant para-military groups like the Ulster Defence Association (which is legal) and the Ulster Volunteer Force (which is proscribed) are largely quiet. although a backlash can never be discounted as they are effective at mobilising quickly.

The Provisional IRA was formed in 1970 out of the sectarian violence which erupted in 1969. This in turn arose through civil rights agitation by Catho-lics. From being a defensive force however, the Provisionals have since taken over Republican banner and have gone over to the offensive. They traditionally its poor relation. gone over to the offensive. They, like the INLA, which is a is twice the UK average and smaller organisation and more recently formed want nothing as the big employers like Harless than a 32-county Ireland. land and Wolff, the shipbuilders Any internal settlement is and Courtaulds, the textiles conmeaningless to them and will cern, lay off more workers. stop their

changed character. The professionals have reorganised, and the violence has changed character. The Provisionals have reorganised into a cellular structure with probably about 500 cadres in active service units. The targets now are soldiers or economic centres. The Provos are no less deadly for their

Bombings seem to be down recently, partly perhaps, because of the arms haul in the Republic arising from the closer co-operation between the security forces and Ireland arranged after the murder of Lord Mountbatten

last August. But hardly a day goes by in Northern Ireland without a report of some terrorist killing. The Province appears less chaotic, partly because the murders are less reported (and one suspects because the violence is harder to televis.) A complte return to normality will not take place while the Provisionals and INLA continue, but in the sense of wide-spread, almost total disruption to economic and social life, the province is less violent.

Resources

This is important is restoring the economy. Northern Ireland would qualify as a depressed area with or without the terrorism. Its industries are declining ones such as shipbuilding, textiles and some engineering. It has no natural resources, and its imported oil puts up energy costs. Per capita income at £2,300 is now the lowest in Britain and about to be overtaken by the Republic, Unemployment at 12 per cent

this could rise further this year foreign investment

would seem to be the only way The bloody street battles and to revitalise Ulster economy: rampant sectarian murders of and after several years of no

CONTENTS П Economy II Investment Ш Industry DeLorean W Tourism īV Agriculture Fishing industry

have started to invest. The rate of new projects needs to be stepped up, however, if th unemployment rate is to fall. Political progress could be helpful in this process. Northern Ireland, or the criterion of Britain, is undergoverned. Since the fully devolved Protestant dominated Stormont assembly was abrogated in 1972, the Province has been run by a very powerful Secretary of State. There has been no layer of government between him and the virtually powerless 26 district councils. There has often been a rapid turnover of civil servants, and a lack of continuity in some areas of

government. It is worth bearing in mind that the current troubles recurred in 1969 because of civil rights grievances, even if the violence subsequently became based on something else. If the Government finds a form of devolution which gives the minority its due political rights, while not frightening the Protestants that they are about to be pushed into the Republic, then some of the reasons for the violence will disappear and possibly the violence itself will evaporate, at least in the medium term. This, in turn, would help the

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ires

province in terms of reviving the economy. But forulas for politically, even in the limeted internal way, are easy to imagine. As the past 60 years since Northern Ireland became

economic problems. the early 1970s have largely sub-new projects at all, companies, a State has shown, they are In itself a political "solution" sided, and the violence has attracted by massive subsidies virtually impossible to achieve. question mark hanging over V GENERAL MOTO

After less than two years experience of Northern Ireland, General Motors, the world's largest manufacturing company, is to expand its existing \$20m. plant and will also open a second factory here.

Using Northern Ireland's existing automotive and textile skills, the two plants will produce seat belts, door latches, window regulators and other components for the entire range of General Motors cars built in Europe.

"SUPREME VOTE OF CONFIDENCE"

Announcing these plans, Parliamentary Under-Secretary of State Mr Giles Shaw MP described them as a "supreme vote of confidence in Northern

"It is even more significant," he continued, "when you consider that GM's decision to expand here was taken even before the initial operation, announced in 1978, was in full production."

For their part, General Motors said: "We have been impressed by the people we have already hired and it makes good business sensé to expand our operation here.

NEW SURGE OF INVESTMENT

As well as those of General Motors, new manufacturing projects have been announced by fourteen other international companies within the last

These include investments from Scandinavia and Britain as well as, from the USA, AVX, De Lorean, Ipco Hospital Supply, Clabir, Hyster, LFE, ARMCO. American Monitor and Learavia.

Between them these projects represent a total investment of £200 million. They should provide over 8,300 new jobs in the Province.

The will—and the skill—to work is shared by the vast majority of people in Northern Ireland. This, as General Motors and other recognise, is the best investment guarantee you can look for

What's more, Northern Ireland offers what an independent survey concluded to be: "overall, the best package of incentives in the EEC."

We can give you full details, answer any questions, put you in touch with existing investors in Northern Ireland, and arrange a visit for you. Just get in touch.

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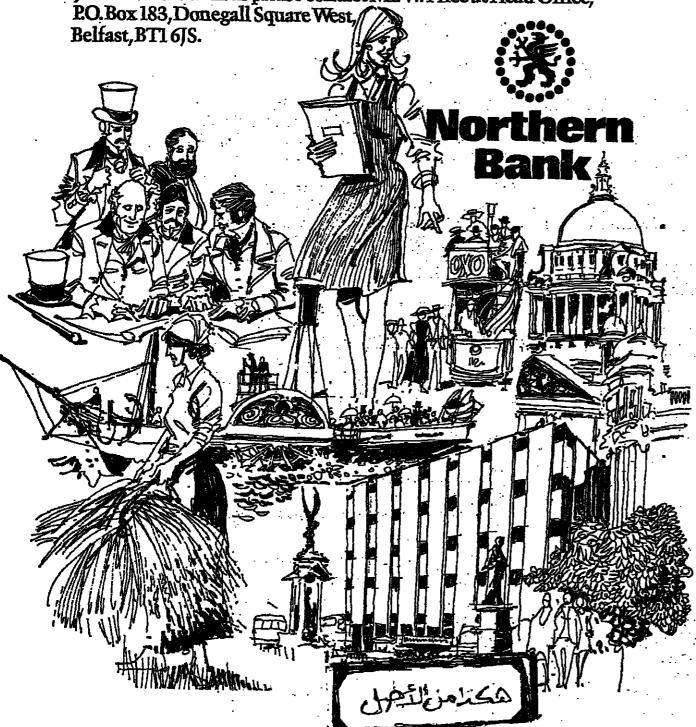
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New industries needed to revive economy

THE BLEAK picture of administration it will not go on the service sector. According and the judiciary, and probable Northern Ireland's economy subsidising Harland indefinitely. to a management consultants a higher cost than elsewhere h not be blamed entirely on the to imagine that the Government manufacturing industries are pletely. old and ailing ones and Ulster may well have become a found at Courtaulds, the single

What the ten years of civil and revitalise the economy. There were signs that this process was really taking off in the years 1962-69. The great hope is that there could again be an influx of foreign investment sufficient to reduce Northern Ireland's chronically high unem-

Ulster saw its industrial hey-day in the late 19th- and early 20th-centuries, when water-based industries such as shipbuilding, textiles and certain forms of engineering proliferated. Now these industries are in decline.

Harland and Wolff employed 25,000 people even in the 1950s, today the figure is down to 7.000. It is still the second largest single manufacturing employer in the province. But in the past 15 years it has swallowed up £150m of government subsidie

Last year the Government gave a further £21m to offset operating losses but this has been used up. The yard has virtually run out of orders, it is suffering from the worldwide

Its problems, however, are compounded by the fact that large sums of money were spent in 1973 converting the yard so that it could build supertankers a market which has all but

are expected to show a substantial loss. The Government has said it is unhappy about low obscures the fact that there has productivity at the yard and has been a rise in the number of

recession in general and the stagnant British economy in prevent is the attraction of new stantial lay-offs in the past year, industries to replace the old, and more are possible. This stantial lay-offs in the past year, would mean Courtailds would employ fewer than 8,000 people compared with more than 9,000

Quick effect

a vear ago.

is far an away the major export market; if the British economy slows down it has an automatic and quick effect on Northern ireland's economy. Moreover, stagnation in Britain means fewer jobs for imigrants from Northern Ireland. It has been estimated that up to 10,006 workers cross the Irish Sea each year, although many do not stay, but work seasonally.

Agriculture too is shedding workers. Farms in Northern Britain's policy of protecting the consumer. This is in contrast to the Republic, where "green" pound devaluations have ensured good prices for produce. In Northern Ireland, farmers have had to become more efficient to survive, and this has meant labour leaving

All this means that unemployment in Northern Ireland is currently a shade under 70,000 people out of a workforce of 550,000. This is 12 per cent or twice the level in Britain. The before the end of the year, the The company's results for level could creep up to between 1979, which are due this month, 13 and 15 per cent without too level could creep up to between

much difficulty.

Moreover, this overall level

which emerges from looking at Further redundancies seem in- report by Coopers and Lybrand the latest set of indicators can evitable, although it is difficult earlier this year, the service not be blamed entirely on the to imagine that the Government sector has grown from 53 per The province's will shut down the yard com- cent of the workforce in 1973

A similar tale of woe is to be The corollary is that employment of men in manufacturing depressed area like parts of largest employer in manufactur- has been dropping steadily. (So Scotland or Northeast England, ing industry. The worldwide too for that matter has production. Coopers Lybrand estimate that this production in manuunrest have so far managed to particular have resulted in sub- facturing could fall by as much as 4 per cent.)

> Because men tend to be better paid than women, wages are inclined to lag behind those in Britain The people of Northern Ireland are probably, with a per capita income of £2,300, the pourest in Britain. There are only 11m people in The Republic, traditionally the Ulster, and although trade with poor neighbour has caught up the Republic is growing. Britain with Northern Irelan and will

> > Moreover, the cost of living in Northern Ireland is perhaps 1 to 2 per cent higher than in Britain. This is largely because of the cost of imported food and

energy.
For example, Northern Ire-Sea Gas and what gas there is is naptha-derived. This means it costs 60p a therm or more than three times the cost in Ireland are efficient, but far Britain. It looks as if gas is mers feel they suffer from going to be phased out by the Governmentment. Already 90 per cent of the province's Even here though the price is marginally higher because it

> The cost of all these ills is payer. Westminster this year (1979-80) gave a budget of just over £2bn. When tax and other receipts are stripped out how-There is, of course, a direct cost of the "troubles." To industry there is, and has been, insurance payments for blown up premises and people killed or

needs to be imported.

There is also, the direct cost of having the Army in the vestment drive, is of course pre province. The cost this year like £80-£100m. Additionally

Northern Ireland probably in one third to one half more that

The remainder is spent trying to attract new industri

down to the pre-troubles no of around 7 per cent. companies entered the provi These incentives are dealt wi those offered in the Republi seem good enough to now put in sufficient numbers of com-

It has been estimated that # 7 per cent figure then the ne is to create 7,000 new jobs es

panies or nearly sufficient.

facturer. Two U.S. aer concerns have shown interest in

pames arriving, however, the Government will have to go on offering incentives and spe

Investment: the mood changes at Westminster

BY 1985, 1,250 people should be ality" producing 200 examples a year project would not go ahead) of a futuristic-looking executive and "efficiency" (jobs created aircraft made largely of carbon fibre, inside the former RAF maintenance depot at Belfast's Aldergrove airport.

Not surprisingly, the parallels with the sports car project now being completed 20 miles away on the other side of the city— another new U.S.-controlled company, producing a new vehicle by inconventional processes—have led to Learavia's Lear Fan jet being dubbed "the flying DeLorean."

More significant, however, are

DeLorean is receiving £56m in Government aid for the 2,000. jobs envisaged. For its 1,250, Learavia will have the £3.5m it is putting into the new manufac-turing company, Lear Fan Ltd, matched by the Department of Commerce—and that in the form of a loan convertible into equity. Learavia, of Reno, Nevada, will have a 51 per cent stake, the Government 49 per cent. If the loan is converted, the money would be recovered by royalties on aircraft sales.

When development is com-pleted in 1982, the company can expect that of the £20m needed to set up manufacturing, 40 per cent will be provided under grant aid schemes. Otherwise, it is on its own: if private deve-lopment capital is not forthcoming, or if the project hits technical snags the Government can end the agreement and call in

Scrutinised

The Learavia agreement clearly illustrates the new mood at Westminster. The Learavia project is believed to have been scrutinised by Sir Keith Joseph himself. Few doubt that John DeLorean should be thanking his lucky stars that he is not trying to set up his sports car

mons public accounts select committee over its handling of cent. aid to incoming industry: the Northern Ireland officials' particular issue then was money efforts have been compared pumped into a Courtaulds plant unfavourably, and unfairly, with where the hoped for 2,000 jobs. stuck at 800, leaving the cost per job at £28,000.

Northern though the province has not crippling 10 per cent corporabeen exempted from the addition tax. tional criteria of "addition-

(without aid, must be more productive and more secure) attached last year to UK regional aid policy.

Despite pressure from unious, the Northern Ireland Economic Council and other bodies for one unified body on the lines of the Republic's Irish Development Agency, the institutions structure is also staying intact, not least because change, probably involving legislation, would disrupt the job promotions drive. The long gap between 1970 'and 1976 when the Troubles stopped foreign investment dead, has left the Province cruelly missing the expansions which by now would logically be following on from companies setting up then. It

But new guidelines are still being worked out for NIDA, in which some at least of the higher-tisk merchant banking functions which it effectively fulfils are likely to be curtailed.

cannot afford any more such

The developments, and the select committee hearing in par-ticular, has left the Province's aid departments smarting. Small wonder that its officials feel ground betwen two increasingly heavy millstones.

Despite their efforts, job creation, both from outside investment and domestically generated, is trailing well behind the jobs being lost from agriculture and Ulster's tradi-tional industrial sectors. Mr. Ciles Shaw, Minister responsible for industry, recently mode considerable play of the 3,290 jobs promoted in this year's first quarter. But job promotions can take several years to become actual jobs, and Mr. Shaw did not mention the 4.600 lost during the same period.

A recent Coopers and Lybrand study of the province's economy warms of a "worst case" situation in which 100,000-16 per Three months ago, the Department of Commerce had its jobless by the end of this year. knuckles rapped in the Com-That is regarded as pessimistic, but it could easily be 131 per

those of its IDA counterpart in the south. The IDA may be drawing in more investment, but Ireland's it has had neither the Troubles foreign investment, incentives, nor anything resembling largeand the institutions which scale manufacturing industry to administer them—the Depart- decline. Until objections from ment and the Northern Ireland EEC partners prevailed, it could Development Agency—have also boast of a tax holiday on been reviewed. In the event, exports to potential investors. the current incentives, the After January, 1981, incoming highest in the UK will stay, industry will face a not exactly

New thoughts on incentives

the from Westminster cannot be ing terms and locations with ruled out; but creating the post NIDA. start-up tax incentives of the Republic can be, because of both the predictable howis from other UK regions feeling the projected for late this year; pinch and the potential problem of UK companies juggling profit centres to minimise tax

investors the bald figure of 52 per cent corporation tax trans-lates in reality to only about 16 per cent in the first ten years.

Pressure

The likelihood is that in the ment bodies will soldier on, steadily losing ground until the next upturn in the UK economy as a whole, to the tail of which Ulster clings, takes at least some of the pressure off.

It is not that Northern Ireland development officials have done badly; rather that the problems

are so large.
As this survey was being prepared, the province was waiting to know how big an axe is to fall on shipbuilders Harland and Wolff. Probably, 2,000 more will soon be looking for work.

The bright spot is that, at a speed which has accelerated since 1977, those same development officials are pulling in new investment from the U.S. Learavia is among the latest;

and its credentials are good the late Bill Lear, of Lear Jet fame, was its designer. With a speed of over 400 mph, 11 mpg fuel consumption and a ceiling of over 40,000 feet, it promises to set a new standard in executive aircraft and there are already over 140 orders for it. Gulfstream is also looking at

aircraft production, possibly offering 1,000 jobs, and is talk-

Dupont is expanding its neoprene plant at Maydown, with a £30m synthetic rubber plant Altogether, about a dozen U.S.

projects have been announced in the past two years, bringing bills.
In any case, labyrinthine UK investment incentives tend to a total job potential of about obscure from potential investors 30,000—20 per cent of the the fact that for many incoming manufacturing workforce. They also include General Motors, whose production of seat belts is about to start in Dundonald: Hysier fork lift trucks, providing jobs for 600 at Craigavon; Hughes Tool and DeLorean.

Most are enthusiastic about absence of a quantum leap in the province and about the Westminister thinking about workforce, with its long in-Ulster's economic problems and the peculiar political dimension attached to them, the invest ductivity levels. The last has consistently outpaced the rest of the UK by a big margin: between 1969 and 1978 productivity rose by 44 per cent against 27 per cent for the UK

as a whole. It is significant that General Motors, even before the seat beit plant starts production, is found another factory. Through its subsidiary, Fisher Body, it plans to make vehicle trim in West Belfast, adding 450 jobs to the 600 already in the pipeline. Indeed, with De Lorean, GM, Goodyear, Michelin, Ford, Tenneco Walker and, most recently, Chamberlain Phipps of Northampton setting up a trim plant—first custome DeLorean — it could be fairly said that Ulster is becoming a centre for car components.

New British investment is also represented by the Post Office's decision to establish its systems software engineering centre in the province. And that will provide precisely the kind of high-technology in-dustry for which the province is the province as a centre for light '50 desparately searching.

John Griffiths

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Lay-offs add to industry gloom

THE HISTORIC town of Carrickfergus, where once there a British Steel bulk carrier. Carrickfergus on the northern Carrickfergus on the northern were four processes. What is shore of Belfast Lough was left—the production of Celon once the showpiece of Northern Ireland's industrial success story. Flanked on one side by Courtaulds and on the other by could be axed and Courtaulds ICI Fibres, the town had little will leave the town for ever. unemployment and its inhabitants took comfort from the fact these closures has been the tants took compute from the aboom in man-made fibre produc- from the U.S. Britain's action

Today Carrickfergus is dis-illusioned by a series of major closures, and contractions. In of 1980 was down 9 per cent in years, 2,000 jobs have dison the same period in 1979 and appeared, largely because of the decline in fibre production. Over the past nine months the rate of job losses has accelerated and little has happened to bring any have seen long-standing emhope of new industries which would reverse the trend.

Contraction

The experience in different degrees, has been repeated in other centres in the provinces. The pressures on the textile industry, the decline of the Belfast shipyard and the generally poor performance of many of the industrial sectors have overshadowed what positive developments there have been. Almost a third of the UK's

man-made fibre capacity was once concentrated in N. Ireland, so the contraction has been all the the more strongly felt. Last primed back its polyester operthe enterprimed back its pury animal primed on the face of mounting ses which it blamed on 1000 km rapidly-rising raw material costs and severe the costs and appair from the U.S. Acceptable from the U.S. Carrickiergus, Larne and Londonderry. In 1201 of h Latne and Loundenser, being February this year the company said it was ceasing polyester anniacture altogether, making ntaria "another 230 redundant.

The first shock was accompanied by ICPs decision to reduce its 1,600 labour force at house Rifroot on the other side of protes. Carrickiergus by 400, as a result of over-capacity in polyester flament flat yarns.

In recent weeks Courtailds of £25m the Government limited that has said it would shut its vistue amount of losses it would in the Carrickfergus, putting another the 5= 560 out of work, and this time it said it was making losses on " " some of its export business. The ii? 0. 1 trade unions are pledged to fight lewart the cutback, but there is an inevitability about the declining fortunes of man-made fibres which has taken the edge off

(nylon)—is threatened by high overheads, and there are fears that the remaining 330 jobs

A factor common to most of impact of cheap fibre imports against some imported yarns. clearly came too late. Textile production in the first quarter is set to drop further when the effects of some closures work through.

Other towns in the province ployers close their doors for the last time. Ballymoney in County Antrim is not a large town and has little hope of replacing the 260 jobs lost when the American - owned Ballymoney Manufacturing Company shut down. When the plant sont down, when the plant opened in 1967 it was the first new cotton-spinning factory in the UK for many years, but yara and fabric imports forced it out of business.

Outlook

The decrease in the number manufacturing industry workers has also been brought about by declines in engineering, and the outlook here is far from rosy. Harland and Wolff, the shipbuilding company owned by the Government through the N. Ireland Depart-ment of Commerce, is awaiting the results of a Government review of its prospects, which is expected to lead to more

redundancies. The shipyard is now building three British Rail ferries and liquid petroleum gas

About 1,000 pay offs since last summer have reduced the labour force to 7,000. The company's financial performance for the year has yet to be revealed but after a 1978 loss fund in 1979 to £22m and the impending announcement about future aid is likely to be harsh. However, if a smaller shipbuilding company is what high unemployment rate. emerges, there are some signs that the order position might More ferries are needed in the home market, a by the end of 1980 to 30,000 a good performance with the gas year in 1982, providing jobs for carriers could mean future 2,000 and DeLorean forecasts good performance with the gas Today the company has only orders, and the company is a potential total of 9,000—one remaining operation at tendering for a BP tanker and more, than are currently

One relief to the company has been the end of the uncertainty about two 333,000tonne supertankers which had been the subject of arbitration between Harland and Wolff and American owners who had refused to take delivery. The two ships were worth £56m, almost all of which had been paid to the builders before the dispute began. Both sides have now agreed to terminate the

arbitration and a settlement.

under which the owners have

taken delivery, is understood to

have been financially satisfac-

tory to the shipyard.

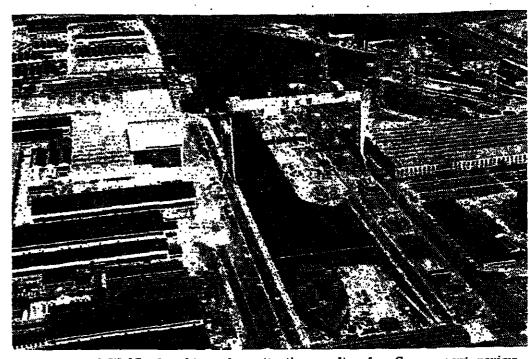
their orders for aircraft and aerospace products. The company's flagship, the 30-seater 330 recent sale was two aircraft month. worth £2.5m to Olympic Airways, the Greek national airline. The older Skyvan frieghter has sold 131 to date and the company's guided missile heavily to its export sales. Perhaps the strongest side of facturing

aerostructures division, which has been bolstered by orders for nified. Short Bros., in contrast to 400 sets of inner wing flap their shipbuilding neighbours, assemblies for the new Boeing

are experiencing buoyancy in 757 airliner. At the same time this division is the leading engine podding contractor in Europe, handling all the work on aircraft, has brought orders or Rolls-Royce RB 211 series, and options for 64 from 18 airlines it ships seven sets of landing in seven countries. The most gear doors for Boeing 747s each

Now totalling 6,700, Short's lebour force will soon be larger than the once mammoth shipyard's. It is an example of how high technology can help keep systems continue to contribute industry out in front in 2 province where traditional manucompanies the company's business is the sharply declined and where the UK's economic recession is mag-

Alan Watson



Harland and Wolff: the shippard awaits the results of a Government review of its prospects

DeLorean car venture nearing production

slung two-seater stood parked alongside a stack of plastic bodies at the back of one of several vast and anonymous new buildings on a 72-acre site at Dunmurry, West Belfast. It provided the only immediate cive that former General Motors executive John De Lorean's dream of producing his own. Ulster-built sports car is about to become reality.

Inside the building, however, many of the 150 production workers taken on so far were hard at work building up half a dozen more cars, then taking them apart again—familiarising themselves with car and processes before moving into the 250,000 sq ft main assembly building for pilot production in July and August, before the line starts to roll in earnest in late September.

By early next year, nearly 1,000 people should be on the payroll, most of them directly assembling the 120 mph gull wing-doored, stainless steel coupe on which rides so much hope-and £56m of UK Governgrants and loans—of If all goes well, production

reducing the area's chronically will have built up from an annual rate of 2,000 cars a year currently

LAST MONTH a solitary, low- employed at Harland and Wolff are said to be far advanced Lorean's finance director, says a bum car," a January launch -in the years to come.

That depends, however, on broadening both the model range and markets beyond that of the U.S., which will take all of the first two years' production

Both matters are in hand. De-Lorean is currently deep into negotiations with Ital Design of Turin-whose Giugiaro is responsible for the design of the existing DMC 12 two-seater -on the next car, a saloon closely based on the sports car and destined to appear in 1983. It is also negotiating with Lotus another deal under which the latter would undertake engineering development of the saloon. The current sports car itself was handed over to Lotus more than a year ago, and it is Lotus which has turned De-Lorean's basic ideas into a practicable, roadgoing proposition.

First priority

Meanwhile, former Saab U.S. President Jonas Son Kjellberg, is at work setting up dealerships in Europe and the Middle and Far East. First priority is West Germany, where negotiations are proceeding with two distributors and from which will be covered Austria and Belgium. It is talking with three potential distributors in the UK, others throughout Europe, and with two in the Middle East. Talks

with Japan's biggest importer, with the car to be shown at the next Tokyo motor show.

For all that, the U.S. will remain much the largest marketpotential annual sales of the DMC 12 sports car outside North America are seen as no more than 7,000.

A convertible and other models are also being looked at, and together they may perhaps lead, one far-off day, to the fulfilment of John De Lorean's forecast that the Dunmurry site-wedged between the Protestant Lisburn Road and the Catholic ghetto of Twinbrookcould produce 200,000 vehicles a year for markets from San Francisco to Singapore.

But despite the remarkable speed and efficiency with which DeLorean's multi-national team of executives, most with a long automotive industry pedigree, has put the project into motion, it has not been plain sailing.

Eyebrows were raised in March when the company applied for more Government aid, believed to be between £5m and £8m, to compensate for inflation on completing the plant and tooling costs. No decision has been made, but Mr Giles Shaw, the Minister responsible for industry in Northern Ireland, has made clear it is being closely assessed on merits.

If the Government does not come across, Mr. Joe Daley, De-

he will probably seek loan guarantees from the province's De-partment of Commerce or ECGD, and obtain the funds from the commercial banking sector, Without those guarantees there could be a problem: "At the moment we've got no track record," admits Mr Daly, but as soon as we're in production and selling cars we'll

be in a totally different situa-

tion commercially." Meanwhile, the all-important U.S. market has taken a 25 per cent dive this year. Imports and sports cars have stood up fairly well, but the domestic giants have large unsold inventories and are likely to delay their 1981 model launch from September to November/December. The gloom is inappropriate to a new car launch, says DeLorean, and the DMC 12's formal introduction will not therefore take place until January, despite the fact that

the company has announced the forward sale of the first two years' production of 40,000 cars to its 345 dealers. More to the point, perhaps, is that the production schedule

manufacturing Broomfield. director, estimates it will be late September or early October production cars are coming off the line. Given that, as Mr. Broomfield puts it bluntly, "Pd rather have a bunch of screaming dealers than

sounds about right. That does, however, mean three months in which the expected revenue will not be coming in. cornerstone

DeLorean's marketing is that

well - equipped version of General Motors' Corvette sports car (which has annual sales of about 50,000). The retail price of the DMC 12 is new expected to be a shade under \$20,000, in line-just-with the target. But DeLorean's projections of a \$60m annual profit on 30,000 cars a year, with break-even at 13,000 units, have been based on \$2.20 to the £. The day we spoke it stood at \$2.30 and Mr. Daly is concerned that the dollar has gone on being weaker "longer than anyone forecast." DeLorean still has a fairly comfortable margin. But with inflation also running higher in Britain than the U.S., it is understandably anxious about erosion.

Convinced

DeLorean remains convinced an adequate market exists, has slipped slightly. Mr. George based on the steady increase in volume and market share for sports cars in the U.S. Whether it is proved right only time will

> In the meantime, with U.S. federal legislation requiring a fleet average of 28.5 U.S. miles

per gallon by 1985, DeLorean is working on other technical aspects.

It has fuel economy projects with Lotus, Bosch and Renault, and a four-cylinder turbocharged unit, is high on the list the DMC 12 should sell at no of future engine possibilities to more than \$2-2,500 above a supplement the current 3-litre Peugeot - Renault - Volvo Which engine that might be is undecided; despite the PRV engine contract. DeLorean has not tied itself to Renault and the field of choice is wide.

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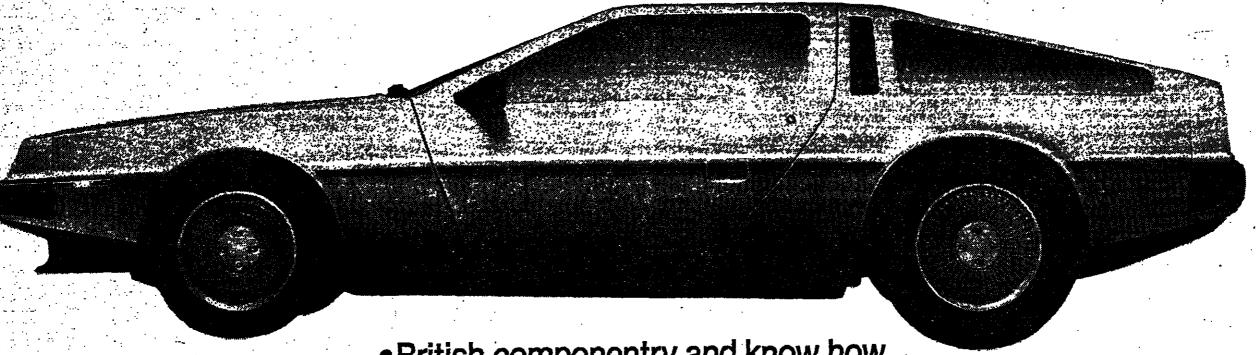
polit Fo i

John DeLorean has described the DMC 12 as " the ethical car' with stainless steel panels, plastic body and stainless steel subframes and a minimum life of 15 years. In fact, the subframes, because of welding difficulties with stainless steel. will now be of ordinary steel but zinc-plated. The change will not necessarily shorten the life of the car, and in any case the subframes would be cheap to

As the Department of Commerce awaits jobs and cash pay-back on its £22m grants and £16}m Joans, and the Northern Ireland Development Agency its \$339 per car royalties and the buy-back of its £17.7m equity stake, what both-and Belfast's workers—now fervently hope is that the car itself will be long outlasted by the company. There is little prospect of cheap replacement of the latter.

John Griffiths

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Tourism offers promise of future growth

industrial tourism offers growth; where traditional manufacturing is seeing job losses, tourism can create them. Northern Ireland could be handling 12m visitors national competition and without overloading the Fermanagh akes, the north Antrim coast and the mountains of Mourne, which together comprise a potentially golden Ulster

Furthermore, the jobs created would cost no more, and in many cases considerably less, than the industrial ones Government departments have sweated blood to attract.

Those broad conclusions were reached last month by Horwath and Horwath, consultants called in by the province's Department of Commerce to undertake the first major study of the structure, and prospects, of tourism in Northern Ireland.

But in the caveat that has dogged the efforts of the Northern Ireland Tourist Board since the outbreak of civil unrest in 1969, it warns that "unless peace, law and order are restored in the province, the total volume of visitors is likely to remain between 500,000 and 700,000, with a limit of 750,000, irrespective of the resources devoted to, and the quality of, tourism development, promotion and co-ordination."

Disagree

While welcoming the bulk of the study, Mr. Robert Hall, the NITB's chief executive, not surprisingly disagrees strongly well have a point, although it will require a tally of visits at ence. But it has been surviv- on which the province is conthe end of the current season ing for three years, the last of centrating. Cruising on Lough to establish it.

The study splits the

struggling under existing political circum- these events has deterred Trust the six counties and other stances, a maximum of 750,000 House Forte from making what activities exist in abundance visitors a year; the second, a return to the 1m or so visitors recorded prior to the Troubles: the third, a maximum "realistic" level of 1.25m. But it sees a return to normality as an essential precondition of both Earne.

> Tourist board officials, on the basis of trends since 1978, feel assessment is too pessi-tic. "We are already on the verge of the second phase," Mr. Hall insists.

The trend since 1977 has unquestionably been sharply upwards: irom the troubled mid-1970s, when barely 400,000 were visiting each year, the level rose to 496,000 in 1977, to 628,000 a year later and to 728,000 last year. The board is predicting a further 10 per cen increase this year which, if borne out, would indeed be moving into the realms of the

At the same time, the study predicting a further 10 per cent sought tourists-holidaymakers rather than those on business or visiting friends and relatives could not expect to grow beyond 14 per cent of the market unless province returned to

The holiday market was all but wiped out in the mid-1970s. Even in 1977, after the recovery had started, only 8 per cent of staying visitors described themselves as being on holiday. The following year the level rose to 10 per cent, and last year saw a big jump to nearly 17 per cent, with 118,000 saying they were on holiday, against 64,000 a year earlier.
The recovery could still be

the NITB regards as one of the most significant acts of faith in problem. development on the shores of case, as a matter of policy

A joint venture between THF Ireland tourism in the and the Northern Ireland High spending visitors Development Agency, it will Europe, in particular West cost £1.5m and eventually pro- Germany, and North America vide accommodation for up to 400 people and include a hire ing numbers.

The proportion of visitors should arrive next year.

The proportion of visitors from overseas is still only about from overseas is still only about from overseas is still only about

Reluctant

It is the first large-scale ven-ture of its kind in the province and designed to tap the potentially vast activity holiday markets of Europe, North America and hopefully— Britain. Understandably, most exposed as they have been to the troubles, Britons have proved reluctant to return to the province in the manner of the late 1960s, when im hobidaymakers flocked across annually from the north and Scotland.

But even they are now return-ing, helped by events such as the annual fishing festival, on Lough Earne; the catches there of up to 200 lb a day would last many an angler of Britain's over-fished waters for a season. The axiom that the Lough is 30 feet deep, 10 of them fish. may be an old one but has some truth and where the festival in its first year had trouble scratching together entries this year 600 angling Britons applied for the 300 places available.

The same applies to the

set at nought by renewed viol- wealth of other activity holidays ing for three years, the last of centrating. Cruising on Lough which has seen the killings of Earne and other waters is Mr. Airey Neave, Lord Mount expanding; facilities for sailing. vince's tourist activity into batten and the soldiers at riding golf—a bewildering 70

But the province is County Fermanagh's spectacut moving away from the high larly beautiful upper Loch volume, low-spending Britis market which typified Northern Freland tourism in the 1960s

> 15 per cent and no differentia tion is currently made bety those on business and holids makers. But the majority are believed to be on holiday and fourist board officials agree with the study that holiday makers offer the biggest potential for growth—the stud envisages 30 per cent of a visitors eventually—and that the biggest growth within this With 1.25m visitors, the study foresees a 67 per cent increase in overseas visitors, eventually accounting for 20 per cent of

> the total. For these reasons, the NITE bas thrown substantial efforts into overseas marketing: where Northern Ireland did not feature in any overseas tour operait is now included in 40 in Europe, with a total of over 50 including North America, Australia and New Zealand.

The province within the few months obtained its first direct air service to the continent-to Amsterdam-and is fighting for a direct link with the U.S. Both are regarded as essential if the industry is to realise a substantial potential to take some of the off the province's

John Griffiths

Agriculture more efficient

casual observer that agriculture plays a bigger role in the economy than any other single industry.

industry with efficient, specia-lised units and fewer smallholdings than a decade ago. In common with other industries in the region and throughout the UK it is having problems with decreasing returns for indi-vidual businesses. On top of the financial squeeze, farmers are suffering the effects of their third harsh winter in a row.

The value of agricultural production continues to grow. Gross output reached almost £490m in 1978, the latest year for which full figures are available. However, net income, excluding stock appreciation, fell by 8 per cent to £44m. Farming costs rose by almost 16 per cent as a result of price increases affecting chemicals, machinery, labour and feed-

Farmers rely on banks for much of their financing needs, and the cost of servicing their borrowings has become a heavy

and continuing burden. Estimates for last year show expenses continuing to rise by increase in market prices seems to have been far from enough to offset soaring costs.

NORTHERN IRELAND'S abun- price received by the farmer, the pig and poultry sectors in- November, 1979, figures show dance of green pastureland is are less rewarding in Northern creased by only 30 per cent over that the region's farmers had enough to tell even the most Ireland because of the land from the five years to 1978. - borrowed £152m, 37 per cent tier with the Irish Republic.

of those payments fell with each successive Green Pound devaluation in Britain.

The province's climate and the past system of land tenure have together given rise to an agricultural sector heavily dependent on grass and the production of grass-based livestock and livestock products. This takes in the production of beef sheep and wool and milk with a total value of £321m in 1978. The largest rise in output by value came from fat cattle, up by 24 per cent to £182m.

Consequence

In addition, pigmeat, worth £58m, and poultry and eggs, contributing £52m, play a significant role but are cereal-based. In past years when imported about the same amount and the grain supplies were relatively cheap the cost of boosting the scant home production was not severe. In the middle 1970s the substantial part in financing in Pound, designed to improve the cereal costs meant the value of

presented at local plants with a 7 per cent rise in the producthe aim of offsetting the effect tion of milk to 1,136m litres of the difference between the annually and by a rise in price UK's and the Republic's Green from 9.4p to 10p a litre. The Pound. But, of course, the level size of the dairy herd is 282,000

COWS The N. Ireland Milk Marketing Board, which has existed for 25 years, has been encouraged by developments in producing, processing and marketing over the past year and has been able to establish four regional offices in the province.

Dried milk products also gathered strength last year. For instance, Nestlé decided to spend £2.5m on expanding its, canning, filling and packag-ing facility in County Tyrone, to meet export orders for milk powder from Saudi Arabia, Malaysia, Venezuela and Venezuela

In the home market, demand for dairy products remained buoyant and butter sales

The maintenance and improvement of farm units of all types is growing steadily more expensive and the rapid development of technology has forced the pace. Bank lending plays a Devaluations of the UK Green consequence of sharply rising order to augment the re-invest-

Milk production is still the more than a year earlier. The The Meat Industry Employment second largest sub-sector, next cost of this money was high Scheme operated by the to fat cattle, and is growing in —about £20m is thought to have Government in the province provides beef and pig producers with a current worth of £114m. —and in 1980 interest payments payments for carcasses This growth is accounted for by are representing an even more worrying percentage of farm

Major changes in agricultural techniques and in the distribution of the population have led to dwindling numbers of wor-kers on the land. The agricultural labour force now stands at around 65,500, about 3,500 fewer than five years ago, and this move away from the farming life has been a factor in the rise in the region's unemploy-ment. The decline in the number of separate farms continued through 1978 with a drop of 50 to 52,900, reflecting the trend away from mixed-activity units to specialised concerns.

The squeeze of the past two years shows no signs of easing According to the N. Ireland Department of Agriculture, average incomes for most types of farms have dropped to a level below that achieved in the early 70s. The fittest, however, will go on surviving through even the worst the Irish climate can throw at them. Some 80 per cent of N. Ireland's land is given over to agriculture and no one

expects any of its fields to lie

fallow for long.

Alan Watson

Fishing feels the squeeze

FISHERMEN in Northern fish affect different sized opera-freland. like fishermen in the tions in different ways. At the owners often find it too expenrest of Britain, are going smaller end of the business, the sive to put to sea because of through a bad time. The reasons are well known. The lack of a that EEC boats have access to Irish coastal waters.

The loss of the Icelandic waters to British deep-sea trawlers five years ago, plus the sudden emergence of Canadian fish, has meant that the British market for white fish, notably cod which was once Britishsupplied, is now being flooded with foreign imports and this has pushed prices down. Skippers are getting about £14 a box for cod, compared with £22 at this time last year.

There is also the problem of conservation measures. Most Northern Ireland fishermen depended heavily on catches of herring. This year instead of being able to fish all the year round, boats will be restricted to a four-month fishing season starting this month. Northern Ireland has what appears a generous 40 per cent of the total allowable catch (TAC) of 10,000 tonnes in the North Irish Sea. But this is hardly enough

to keep everyone happy. The restrictions on herring and the low prices for white

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one man, part-timer going out the in his skiff for herring, is vir- most other vessels can make a Common fisheries policy means tually put out of business. Last living. Last year, for example, year, there was a derogation for prices for prawns were very skiff owners, but the allowable good. catch was used up in four weeks. There were prosecutions for illegal herring fishing.

At the big boat end of the

market, with its seiners, 85 ft long and more jammed with electronic equipment, times have been tough. These boats either cannot catch enough or prices are not so good, but get a good enough price for some boats have good hopes what they catch, to make a profit. It costs at least £1,000 a week to keep a large boat like this in business. There are only about six of these boats though out of the fleet of 125 boats. A couple of these big boats have tried going down to Cornwall for the mackerel. But they are the ones suffering the most from the problems of the

industry. The situation in Northern Ireland's three ports, Kilkeel, Ardglass and Portavogie, is not so bad as Hull and Grimsby, where the fleets are dependent on deep sea catches. With the exception of those

Prawns, in fact, accounted for 12,500 tonnes landed. This was the cost of a new trawler. valued at £9m, and more than two thirds of it was landed in Britain, usually in the Isle of Man or at Fleetwood.

for whiting and also plaice.

The industry is, moreover, heavily subsidised. Northern Ireland is receiving £1m of the restrictions on herring, £3m given by the British to other vessels can make a government as aid to the fishing industry. The Government gives subsidies for new boats and together with help from the EEC Regional Fund, a nearly half of the total catch of skipper can find 75 per cent of

All in all, it does not seem that the province's industry, which employs 700 fishermen Man or at Fleetwood.

This year prawn or nethrop cessing plants, will suffer too many job losses.

Stewart Dalby





...the well-tempered link

European business

community.

between Northern

Ireland and the

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This week's business | Changes at Coloroll

COMMONS. Health Services Bill, remaining stages, LORDS. Housing Bill, second reading. Iran Sanctions Orders.

SELECT COMMITTEE. Public Accounts. Subjects Tobacco duty. Carry-over of funds at end of financial year. Witnesses: Customs and Excise Department of Transport 445 pm Room 16 Treasury Subject Efficiency and civil service. Witnesses Civil Service Department. 5.90 pm. Room 15.

TOMORROW COMMONS. Tenants' Rights (Scotland) Bill, remaining stages. Debate on report of Committee on Community institutions.

LORDS, Employment Bill, committee. Sea Fish Industry Bill, second reading. SELECT COMMPTTEES — Welsh Subject Employment

opportunities in Wales. Witnesses, Mr. Nicholas Edwards, Welsh Secretary. 10:30 a.m. and 4:30 p.m. Room Foreign Affairs, Overseas Development Sub-committee. Subject: Development Divisions -Oversea Development Administration. Witnesses: Overseas Develop ment. Administration. 4.45 p.m. Room 15. WEDNESDAY

COMMONS - Tenants' Rights (Scotland) Bill, remaining

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LORDS-Debate on Government's monetary policies and their damaging effect on trade, investment and employment Licensing (Amd.) (No. 2) Bill, committee. Licensed Premises (Exclusion) Bill, third reading. Short debate on broadcasting licence fee and BBC expenditure. SELECT COMMITTEES. De-

fence. Subject: D Notice system. Witness: Sir Frank Cooper, chairman of defence press and broadcasting com-mittee. 10:30 am. Room 8. Foreign Affairs. Subjects: Sanctions against Iran. Effects on British foreign policy of Soviet action in Afghanistan. Witnesses: Mr. Douglas Hurd, Minister of State at Foreign Foreign Affairs: Subjects: Office: Foreign Office officials; Mr. Cecil Parkinson. Minister of State for Trade; Department of Trade officials: Prof. Michael Howard, 10.30 am. Room 15. Scottish. Subject: Inward investment for Scotland. Witness: Mr. Alex Fletcher, Under-Secretary for Scotland: 10.30 am. Room 6. Industry and Trade. Subject: Import and Export Trade. Witnesses: British Footwear industry Federation, Lancaahire - Footwear Manufac turers' Association 10.45 am. Room 16. Public Accounts Subject: Role of comptroller

and auditor general. Wit-nesses: Mr. D. R. Steel-Craik,

Auditor General for Austra- Squ

port Subject: Channel link. Witnesses: Link into England Ltd. 4.15 pm. Room 17.

THURSDAY COMMONS. Supply day debate on disablement until 7 pm. Supply day debate on construction industry. Motion on Diocese in Europe Church Measure.

LORDS. Employment Bill, committee Pool Competitions Act Order.

SELECT COMMITTEES. Welsh Subject Employment opportunities in Wales. Witnesses: Officials of Department of Industry. Sir Keith Joseph, Industry Secretary. 10.30 am and 4.30 pm. Room 16. Home Affairs. Race relations and immigration sub-committee. Subject: Racial disadvantage. Witnesses: Department Health and Social Security. 4.30 pm. Room 15.

FRIDAY COMMONS. Debate on Report of Finnision Committee on

esgineering. LORDS. Employment Bill, com mittee, if not completed the previous day.

APPOINTMENTS

At COLOROLL the managing have been appointed executive director, Mr. John Bray, is to directors of Kininmonth deputy chairman of the Group.

He was previously a partner in Ross and Company, chartered accountants.

director of County Bank Investment Services Limited. She will

mouth North America; Mr. C. G. Rostron has been appointed to the Board of Kininmouth Management and to the Board Management and to the Board Mr. John A. Searola, president but remain of Kininmonth North America; and chief executive officer of Lawrence Mr. D. Miles and Mr. E. Smith Ebasco Services Incorporated, is chairman.

chief executive and Reinsurance Brokers; and Mr. G. A. Marshail has been Mr. John Asheroft, is appointed appointed executive director of managing director, with respon-sibility for both Coloroll's wall-J. W. Klainmonth and Mr. M. A. coverings/fabries and packaging Gibbs have been appointed divisions.

Gibbs have been appointed executive directors of Kininmonth Reinsurance Brokers, and Mr. P. W. Lang has been Mr. C. A. Rinimonth has been appointed a director of LON-appointed to the Board of DON UNITED INVESTMENTS. Kinimonth North America. Mr. C. A. Kininmonth has been

LAND (IRELAND) has appointed Mr. Kevin C. McCourt Ms. Christine Downton has as chairman from July 1. He joined COUNTY BANK as a has been a director of the bank since 1972 and holds Board director of T.P.T. and of Smurfit positions in several leading T.P.T., Dublin. be responsible for currency Irish companies. He succeeds advisory and international asset Dr. T. J. O'Driscoll, who is Irish companies. He succeeds management services. She was retiring on an extended age formerly an assistant director of limit, having been chairman of N. M. Rothschild Asset Manage- the bank since its establishment bide division, has been appointed

> TION, a Trafalgar House company.

being promoted to a new post as senior vice-president of ENSERCH CORPORATION from July 1, in charge of the corporation's engineering and construction division, which includes corporate responsibility for Ebasco Serices Incorporated and its subsidiaries. Mr. William Wallace III, executive vice-president of operations for Ebasco, will succeed Mr. Scarola as president and chief executive officer. Mr. R. J. Sherman will continue as Ebasco's chairman of the board.

Hr. J. K. Lawson has retired ALGEMENE BANK NEDER from full-time executive duties AND (IRELAND) has as deputy chairman of T.P.T. a Group paperboard packaging based at Romiley, Cheshire. He will continue as a non-executive

Mr. Lars Ivar Hising, vice-

president and division manager of SANDVIK'S cemented carexecutive vice-president-produc-Mr. J. Watern Lewis has been appointed to the Board of KININMONTH MANAGEMENT and deputy chairman of Kininmouth North America; Mr. C. G. TION. 2 Trafalgar House com Axell has been vice-president and head of Coromant Tools, LANGTON AND DAWNAY DAY but remains a director. Mr. P. R. Lawrence has been appointed

WEEK'S FINANCIAL DIARY The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly

for the purpose of considering dividends and official indications are not always available whether dividends concerned are interimed or finals. The sub-divisions shown below are based mainly on last year's timetable.

COMPANY MEETINGS—
Hembro Life Assc. 51. Bishoogste, EC. 11.0, The Howard Hotel, Temple Place, Strand, WC. 12.00
Martin, (Albert), Alberty Hotel; St. Noctingham, 12.00
BOAKO METINGS—
Reveals Texaco inc. Cap. 60cts
Tilbury Contracting 16.37886p
Travellers Corp. 62cts
United Technologies Corp. 5Scts
Warner Lambert Sarty, June 11
COMPANY MEETINGS—
Black and Estilogone. The institute Finals:

Associ. Brit. Foods
Biyvooruteicht Gold Mog.
Brown (N.)
Catyns
Grt. Portland Ests.
Paysos (W. L.)

Parson (W. L.)
Interimer
Dorban Roodepoort Deep
E. Rand Perprietary Mines
DIVICEND & INTEREST PAYMENTS—
British Tex. Inds. and Gen. Inv. 1.50
Ergland I. E. (Well-gunn) 0-49
Ergland I. E. (Well-gunn) 0-49
Kensington and Chelpes Variable Rate
Red. 1982 £6.552
Modern Engineers of Bristol 29

City Discount. 1, Roysi Excessor. 12.00
Racislan (P. & W.), Merchants House
Macislan (P. & W.), Merchants House
Macislan (P. & W.), Merchants House
Nacisland (P. & W.), Merchants
Newcastle and Gattshead Water, 10,
Allendale Rd., Newcastle-spon-Tynn. 12.30 Michester Machines, Wischester House, 77. London Wall, &C., 12.00 Moury Contracting, St. Ermins Hotel, Carton St. Wastunitar, 1.30 Michester Newspeaces, 23-27. Tudor Sc. &C. Inited Newspapers, 23-27 12.00 BOARD MEETINGS— Finals:

Finales
Aero Needles
Affied Brewerles
Doorntontein Gold Mng.
Highgate Optical and Ind.
Intol. Timber Optical Mng.
Ocean Wilson
Spentle Clothes
Ventercenter Gold Mng. Samrie, Clothes
Ventersport Gold, Mag.
W. Driefontain Gold Wag.
Laterites: Archimedes: Inv. Tst.
Bankers: Inv. Tst.
E. Driefontein Gold Mag.
Elson ang Robbins

Elson and Robbins
Elson and Robbins
Elson and Robbins
Grand Mercopolitan
DIVIDEND & INTEREST PAYMENTS—
DIVIDEND & INTEREST PAYMENTS—
Barnes 20cts
Barnes 20cts
Citicorp Overseas Frances Cons. Gtd.
Floating Rate Notes due 1994 US\$48.08
General Motors Corp. 60cts
Grance 7W, R.J. 81 4cts
Hampro Life Assoc. 5.7p
Intrid. Susiness Machine Corp. 85cts
Kraft Inc. 80cts
Mobil Corp. 85cts
Payolator, Inc. 35cts
Payolator, Inc. 35cts

Empire Stores, Nortok Caronis rote.
Bradford, 12.00
Hunting. Petroleum Servicos, Avented
House 118-127. Park Lane W. 12.30
Jessel, Townba, 30, Cornhill, EC. 3.30
Lewis (John) Parinership, 4, Old Cavendish
St., W. 12.30
News Intil., Plaisterers Hail, 1 Longon
Weil, EC. 12.00
Richardsons, Westparth, St. Ermins Hotel.
Caxton St., Sw. 12.00
Smith St. Aubyn. White Lion Court.
Cornhill, EC. 12.00
Sinity St. Aubyn. White Lion Court.
Cornhill, EC. 12.00
Wils (George), Esworth House, Cray
Avenue, Orington Kent 4.00
Wils (George), Esworth House, 25.35.
City Rd., EC. 11.15

BOARD MEETINGS—
FRAISBritish Chematoproph Theatres
Charchbury Ests.
Continuous Stationery
Geeror Th Mines
Metal Box
Rowlinson Construction
600 Grp.
Interies:

Hanson Tst.
Nortingham Brick
U.S. and Gen. Tst.
U.S. and Gen. Tst.
DJYJDEND & INTEREST PAYMENTS—
DJYJDEND & INTEREST PAYMENTS—
DIYJDEND & INTEREST PAYMENTS—
DIYJDEND & INTEREST PAYMENTS— DIVIDEND & INTEREST PAYMEN Blue Circle Inds. Ord. Units 8.7p Le Bas (Edward) 0.9559. London County 51.pc 1965-87 24.pc McKechnie Brothers Ord. 2p Pearl Asstrance Ord. 12p Smiths Inds. 3.7p United Newspapers 15p COMPANY MEETINGS-

Y MEETINGS—

d Power Engas. Queens
g Works, Bedford. 12.00
Products. Grosvenor House.
W. 12.00
Sheerwood, Hyde Park Hotel, Brothers. Stationers Hall, Hall Court, Ludgate Hill, Sationers Hall Court, House E. 11.30 Connaught Rooms, Great Cueen St. WC. 72.00 Farmer S. W.J. The Bromley Court Hotel, Bromley Rd. Bromley Kent: 12.00 Farmer B. Bectronks, Queens Hotel, Leeds, T.00 Flight Refuelling. Painters Half, 9, Little Trinity Lare. 12.00 Gergard and Notional Discount. 32, Lom-bard St. 32.00 Hestair, Hyde Park Hotel, SW. 12.00 King and Shauson, 52, Cornhill EC, 12.00

DIVIDEND & INTEREST PAYMENTS— majormated Metal Corp. 11p

Maple. Winchester House. 100, Old Broad St. EC 12.00
Mersey Dock and Harbour, Port of Liverpool Building. Pier Head, Liverpool, 11.30
miller (F.1. 13, Bath St. Glasgow, 12.00
Provincial Laundries, Prospect House. The Broadway Farman Common. Slough, Berkshire. 12.00
Rush and Tomkins, Charing Cross Hotel, WC 2.30
Summer (Francis), Winchester House. 77, London Will. EC. 12.00
Telephone Rentals. Telephone Rental House. Bickinghamshire 12.30
Tevis and Arnold, Sazon Inn. Silver St. Buckinghamshire 12.30 inn, Silver St., Travis and Arnold, Sazon inn, Silver St., Northamptor 12.00 Uniter-Walker Connaught Rooms, Great Queen St. 12.00 Wilking and Mitchell Mount Hotel, Wol-verhampton, 3.00 BOARD METINGS

Northern Foods
Saatchi and Saatchi
Ltd. Spring and Steel
DIVIDEND & INTEREST PAYMENTS—
Exchequer 12pc 2013-17 Spc. 10pc
1983 Spc. 80pc 1981 44pc
Jesse. Toysbee 2-373 Sp
Miller IF. (Textiles) 1973 Sp
Miller IF. (Textiles) 1973 Sp
Miller IF. (Textiles) 1985
Miller I

FRIDAY, JUNE 13
COMPANY MEETINGS—
ewhurst (I. J.), The Royal Station Hotel, Dewhurst (1. J.), the Royal Station Fibles, York, 12.00 Higgs and Hill, Waldorf Hotel, Aldwych, WC. 12.15 Perry (Haroid), Royal Automobile Club, 89, Pall Mail, SW 12.00
Petrocon Group, Petrocon House, Rosemount Avenue, West Byfloet, Surrey 12.30 Adlard. Institute of Directors, all, SW, 12.00 Services, London Westbury, Bond 12.00 Woodrow, The Warehouse, 52 St.

BOARD MSETINGS—
Finals:
Alpine Soft Drinks
Adderson's Rubber
Hishpate and Job
Pilkingson Bros.
Interlant
Groundel Proprietary Mines
Guinness (Arthur)
Marievale Consol, Mines

Amaigamated Metal Corp. 11p Aurora 4.01p BOC Intol. Ochs. 4/2 (1988) 4/2 (1990) 8OC Intal, Oebs. 41: 11986) 41: (1990)
Slape
Barclays Overseas Inv. 8.V. USS 72.43
British Sugar 2.75p
CB5 Inc. 70cts
Caird (A.) 10p
Central and Sheerwood 0.905p
Conoco Incs. 55cts
Dana Corp. 40cts
Gerrard and National Discount 5.5p
Gerrard and National Discount 5.5p
Gerrard and National Discount 5.5p
Hops and Hill 1.55p
Hops Inc. 52.5ts
Hops and Hill 1.55p
Hops Inc. 71.5p
Hops Inc. 71.5p
Hops Inc. 71.5p
Hops Inc. 71.5p
Louislard Land and Exploration 45cts
King and Shaexon 4p
(Imily Top: max. Cons. 2.5r: 4.5pc
(Imily Top: max. Cons. 2.5r: 4.5pc
4.3pc (Imily 7pc) max. Ord. (1896)
2.45pc. 4.3pc (Imily Fpc) max. Ord. (1896)
2.45pc. 14.2pc (Imily Fpc) max. Ord. (1896)

R.1pc (Temp. Susp. 1.47 pm 19/5/80) Sp

oman Bank 310p en Owen 2.7p Portsmouth Water 3.Spc (fmly. 5pc) Ord.
1.75pc
Ranks Hovis McDougall Ln. 39mpc
Safeguard Indl. Invests; 1.8p
Scandhurst Marketing 1.56p
Scagram 27%cts
Schection Trust 14p
Sunlight Service 1.2p
Ward White 2.88p
Winterbottom Tst. 5pcPf. 1.75pc
Young's Brewery Ord. and Non-Vtg. Ord.
2.2p
SATURDAY. JUNE 14

2.2p SATURDAY. JUNE 14
DIVIDEND & INTEREST PAYMENTS—
Agricultural Morgage Corp. 104pcDb, 1992-95 5igc
Messina (Transval) Development 15cts SUNDAY, JUNE 15
DIVIDEND & INTEREST PAYMENTS—
ACCI Pt. 24pc
Alcan Aluminium Db. 44pc AECI Pt. 2-ape Alexan Aluminium Db. 4-ape BSR Ln. 2-lape Continental Inc. 60cts Drayton Premier Inv. Tst. Db. 2-ape Guardian Royal Exchange Assurance Ln.

Fract SpcPt. 2.1pc ambro Tst. SpcPt. 2.1pc and Shaxson Ptg. Pf. 3.15p. 5pcPt. King and Shaxson Ptg. Pf. 3.15p. 5pcPl.
1.75p
M. and G. Midisar and General Tst.
Fund Income Units 5.2p
Mexico 8-spc Bss 1991 4-hac
New Zesland 71-pc 1983-85 3-lpc
Overst-Hinols 35cts
Reliance 50cts
Reliance 50cts
Sindershall 18-pc Red. 1992 51-pc
Sindershall 18-pc Red. 1998-80 4-pc
Sindershall 18-pc Red. 1998-86 4-pc
TRW Inc. 55cs
Tressury Ln. 8-lpc 1987-90 4-lpc
Tressury 1-pc 1977-80 1-lpc
United Biscults 0ebs. 314 4pc
Variable Rate Tressury 1982 58.22
Witan Investment Db. 2-lpc

Dodging motor premiums

BY OUR INSURANCE CORRESPONDENT

IN TWO weeks' time the British motorists, who drive without £80, we are therefore talking Insurance Association holds its insurance and avoid their due about a loss to the market of mainly domestic affair with few funds? How many are there? than enough to contain the public implications. It will How much premium would in heavy loss that BIA companies follow this with a review of surers gather in if a way could seem likely to have sustained the previous year's trading and be found of virtually eliminat- last year. considering present and future ing the non-premium paying problems.

I cannot recall a year when questions were not asked about motor insurance. There is no reason to think this year will prove the exception, particularly as all the signs are that the BIA companies' total motorunderwriting loss for 1979 will prove to have been in the £40m-£50m bracket. Perhaps it will turn out to have been even more, if figures in annual reports of major composites are a guide, remembering that in 1978 BIA companies' aggregate motor loss was £21.5m. Motor insurance, like all in-

the premiums of the many pay for the claims of the few. In this context it is the relative few, because more than 2m claims a year cannot be counted few, except against the citizens, pay our premiums, however reluctantly, and clearly

general' meeting, a contribution to insurers' total as much as £80m-much more

motorist? These questions are impossible to answer, for no one can tell how many motorists do not insure. The Motor Insurers' Bureau (MIB), which deals with personal injury claims against uninsured and untraced motorists, recognises that the few thousand claims it deals with an immeasurable iceberg.

certainty.

it written that somewhere per-haps as many motorists as one And he may, too, dodge calculations: but if this is the

Even if there are only 250,000 motorists evading premiumpaying responsibilities, the loss to the market is about £20m. There is reason to think, taking the most conservative view of the MIB, conviction and other statistics, that the number of defaulters exceeds this figure.

Whatever the truth, with our each year are the visible tip of licensing and insurance laws there seems little that can be Statistics of convictions for done to improve the situation. driving without insurance show True, the motorist, when he only the number of motorists licenses his car, has to produce caught and punished: they do a current insurance certificate: not form a basis from which but this is no sanction for he the total number of non- can obtain a year's licence on surance, is the means by which insuring motorists can be an insurance certificate that assessed with any mathematical expires the next day and take ertainty.

his chance he will not have an accident or be asked by police

And he may, too, dodge pay in 14 drives uninsured. I can- ing his licence fee, in which 17m vehicles on our roads, not attribute this statement and case the need for an insurance Most of us, being law-abiding so cannot check underlying certificate does not arise. So long as it is all too easy

truth, then perhaps as many as to dodge, motor insurers must we expect to pay more, in infia-tionary terms, as time goes on. contribution. With the average revenue in tens of millions of But what of less honest private-car premium close to pounds.

CONTRACTS

Data network for TSB

Trustee Savings Bank Computer Services has selected COLE ELECTRONICS, an R. H. Cole subsidiary company and distributors for Codex Corporation, for the supply of a bridge, in Cardiff, that carries data communications network. TSB Computer Services provides passenger and freight lines. on-line real-time computing services to a majority of Trustee Savings Banks in the UK. Worth £2.25m, the system is based on the Codex distributed network control system and will contain 1,500 modems, 40 intelligent matrix switches and two central distributed network control consoles, allowing centralised configuration control, monitoring and diagnostics. Branch offices will be linked to concentrator sites which will be linked to the TSB central computing facility at Wythenshawe, Manchester. The branch offices will be phased into the facility starting in September and by the end of 1981 the network will extend over 70 per cent of TSB branches served by the current system. The central configura-

with four distributed communications processors while the branch and concentrator equipment are based on Burroughs MT and CP ranges.

tion is a Sperry Univac 1100/83

be used for the improvement of the busy 90-year-old Clare Road the main London-South Wales Adamson Butterley's Ripley division will fabricate two in Swaziland has been won by metres long welded plate girders the burner division of PEABODY weighing 18.5 tonnes each, and four 18 metres long welded box at more than £300,000 was placed girders of 18 tonnes each, by Davy McKee SA (Pty), and is together with welded steel floor

A special slurry hopper to handle difficult, sticky material is included in a £90,000 contract won by ALLTON ENGINEER-ING of Ripon to manufacture a mobile washing, complete screening and sand dewatering unit. It will be used by Hall Aggregates (South Coast) to clean and sort heavily clay bound sand and gravel at Boxgrove quarry in Chichester. The hopper will have a variable discharge aperture and be made extra long, 4,500mm, and 1,800mm wide, to prevent the clay laden deposit bridging and packing solid.

manufacture and supply of a propelled by twin Z-peller units, four-span bridge for British for Rea Towing Company, Liver-Rail, Western Region. It will pool, a subsidiary of Cory Ship Towage, part of the Ocean Group. McTay Marine is part of the Mowlem Group.

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An order to supply air heaters for a wood pulp processing plant in Swaziland has been won by the burner division of PEABODY for five air heating furnaces to work in conjunction with a new producer gas plant.

Express Dairy—milk division, part of the Grand Metropolitan Group, has awarded a turnkey contract to LEASCO SOFTWARE for a computer system to monitor sales of milk, commencing with delivery from the farms through to arriving on customers' doorsteps. This online control and accounting system is to be implemented in 90 retail branches throughout the London and northern regions. Nine Data General Eclipse C350s will be located at two regional data centres. Five will be installed at Ruislip and four at the centre in Sheffield. More than 150 terminals in the

PLANT & MACHINERY

1) ROLLING MILLS ROLLING MILLS

12 Sin x 24in x 21 in wide Four High Mill

12 in x 30in x 33in wide x 400 hp Four High Reversing Mill

5 in x 12 in x 10 in wide variable speed Four High Mill

3 Sin x 8 in x 9 in wide variable speed Four High Mill 3.5in x 8in x 7in wide variable speed Four High Mill
10in x 16in wide fixed speed Two High Mill
10in x 12in wide fixed speed Two High Mill
6in x 16in x 20in wide Four High Mill
150 x 100 mm x 15 hp Two High Tape Rolling Mill
110 x 100 mm x 10 hp Two High Tape Rolling Mill
2) Wire FLATTENING AND NARROW STRIP ROLLING MILL
Two stand by RWF 10in x 8in rolls
21 DECOM AND CONTROL STRICKS

3) DECOIL AND CUT-TO-LENGTH LINES 1800 mm x 12.5 mm x 25 Ton Coll

2000 mm x 3 mm x 20 Ton Coil 1500 mm x 3 mm x 10 Ton and 15 Ton Coll 750 mm × 3 mm × 5 Ton Coil. 400 mm × 3 mm × 2 Ton Coil 4) SLITTING LINES 1220 mm x 3 mm x 5 Ton Coll-

920 mm x 5 mm x 10 Ton Coil 920 mm x 2 mm x 2 Ton Coil 300 mm x 1.5 mm x 1 Ton Coil in and 48in Sheet Slitters 5) WIRE DRAWING MACHINES

WIRE DRAWING MACHINES
6 Block, in line, variable speed (560 mm x 25 hp D.C.)
9 Block, non slip cumulative (610 mm x 25 hp A.C.)
8 Block, non slip cumulative (560 mm x 25 hp A.C.)
6 Block, non slip cumulative (356 mm x 75 hp A.C.)
Horizontal Drawblock variable speed (915 mm x 75 hp D.C.)
Horizontal Drawblock variable speed (456 mm x 15 hp D.C.)
Vertical Drawblock (2) variable speed (610 mm x 25 hp D.C.)
15 Die Cone type and Spooler, 4500 ft/min (2 machines)
9 Die Cone type and finishing block, 750 ft/min.

6) SHEARS AND GUILLOTINES 1220 mm x 25 mm Cincinatti Plate Shear 510 mm x 16 mm/50 mm x 50 mm PELS Scrap Shear 2.5 m x 3 mm Hydraulic Guillotine, Pearson 25 m x 3 mm high speed mechanical Guillotine, Keetona 7) SHEET LEVELLING ROLLS 920, 1,150 and 1,850 mm wide 8) HYDRAULIC SCRAP BALING PRESS, Fielding and Platt-FORGING HAMMER 3 cort, slide type, Massey
AUTOMATED COLD SAW, non-ferrous, Noble and Lund
BAR & TUBE REELER 75 mm capacity
ROTARY SWAGING MACHINE, 25 mm capacity

13) 28IN COLD SAW, non ferrous, Noble and Lund WEDNESBURY MACHINE CO. LTD.

Oxford Street, Bilston Tel: 0902 42541/2/3 - Telec: 336414 WACKMAN 6 SP AUTOMATIC 11" rebuilt to maker's limits WICKMAN 6 SP AUTOMATIC 13" rebuilt to maket's limits WICKMAN 6 SP AUTOMATIC 25" recon, to maker's limits

200 TON HYDRAULIC PRESSES 200 TON MECHANICAL PRESS 8in stroke, as new WIEDEMANN 100 TON TURRET PRESS capacity 120in x 60in x quarter inch thick 36-station

ROLLING MILL 11in x 11in wide Two High reconditioned

HATEBUR PKE 13 COLD FORMING PRESS FAUTER GEAR HOBBER P250 RECONDITIONED EDART BAR PEELER 4in RECONDITIONED MICKES CRANKSHAFT LATHE MX4 RECONDITIONED CAZENELIVE LATHE MODEL HB725 28in swing x 40in recond MALMEDIE 4-station COLD HEADER QPBS excellent

ROLLS TOOLS LTD.

154/6 Blackfriers Road, London SET SEN Tel: 01-928 3131 - Telex: 261777

CONTRACTS AND TENDERS

TURKEY--

SUMERBANK COTTON TEXTILE PROJECT

INVITATION TO VENDORS

1. Silmerbank's Cotton Textile Division (SBCTD) has applied for a loan from the International Bank for Reconstruction and Development (IBRD) to assist in Snancing a project for rehabilitation and modernisation of its textile agarment manufacturing facilities. The proposed project includes spinning, weaving wet processing machinery garment manufacturing equipment, as well as equipment for humidification, air-conditioning, fire-fighting, workshopt, subcritorios, bolier houses and material bandling. SBCTD have appointed Messrs. GHERT Textile Organisation (GTO) of Jurksh, Switzerland as the project engineers for assistance in the implementation of the said rehabilitation and modernisation programme.

2. The foreign costs of the project will be financed from the proceeds of the IBRD toan under consideration and tenders for the machinery and equipment will be invited from suppliers in member countries of the World Bank and Switzerland, and will be procured strictly according to the World Bank Procurent Guidelines (1977). This notice is being issued as an invitation to interested yendors to submit their pregnalistation documents to SBCTD and GTO at the addresses given below. Pregnalised suppliers will be receiving the invitation to bid (178) documents before September 1, 1980.

3. Approximate value of the new plant and equipment to be procured will be for: (a) solnaine — US\$18 million: (b) wearing — US\$15 million; (c) processing — US\$5 million; (d) garment manufacturing — US\$5 million; and (e) spare parts for the existing machinery — US\$12 million. 4. Firms interested in submitting bids for this project should indicate the items from the following categories or sub-categories for which they would like to receive iTB documents (if accepted as qualified suppliers).

bry: A — Spinning
Drawing Frames
Combing: Equipment
Rowing Frames
Silver Lap and Ribbon Lap
machines
Winding. Rewinding, Doubling.
Twisting and Spooling and
Hank Receiling machines
Yarn Singelag Equipment
Overhead and Electronic
Cleaners
Spinning Room Storage and
Material Handing Equipment
Spare Parts and Accessories
for Modernisation and
Rehabilitation of the Editing
Equipment Equipment for manufacturing of cotton sewing throad

Fig. C.—Wet Processing Fabric Singeing machines Scouring Scopping Bleaching and Weshing Equipment Meterbring machines After Print Washer and Dryer machines Dye Padders, Winders and lippers Drying and Calendering machines Hydroextractors
Colour Kitchen Equipment
Roll Messuring and Shrink
Warp machines

Cabegory: 8 — Weeving B—1 Pira-winding machines B—2 Drawing-in and Warp Tying machines B—3 Drawing-machines B—4 Sixing machines B—5 Looms and Accassories B—6 Pira-Stripping machines B—7 Shearing and Cropping machines B—8 Inspection and Platting machines Meaving Room Storage and Material Handling Equipment Same Parts and Accassories for Modernization and Rehabilitation of the Equation of the Equa

communication and Ab-Conditioning Equipment Fire-Eghting Equipment Water Softening and Effuent Treatment Equipment Laboratory Equipment Boilers Scales and Weighing Equi Workshop Equipment Office Equipment Commercial Vehicle

Equipment
Spare Parts for Modernisation
and Rehabilitation of the
Existing Equipment i. Together with their notification of interest for supplying above nerv, firms which could be either manufacturers or exclusive agents should the following information which will serve as criteria for prequalification:

—Name and locations of manufacturing facilities

—Names and locations of principal subcontractors and suppliers

—Technical Catalogues

—Financial situation, number of employees, plant capacities

—Experience in manufacturing and servicing of similar equipment

—List of successfully executed projects

Copies to: GHERZI Textile Organisation Charlenk Project (Simerbank Project)
Gessneralice 28
8021 Zurich, Switzerland

7. Principal factors which will be considered in evaluating subsequent bids from invited suppliers who have been prequalitied on the basis of information submitted pursuant to this announcement will include: (a) compliance with specifications and general conditions of 17B documents; (b) price: (c) quality; (d) installation, operation, maintonance and freight costs; (e) delivery time; (f) performance guarantees (u) sape parts requirements; and (f) suppliers proven experience in manufacturing and servicing the offered machinery and equipment.

CONTRACTS & TENDERS

Rate £19.50p. per single column centimetre

INVITATION TO BID NO. 541-80 **FORTUNA PROJECT**

SUPPLY AND ERECTION OF DAVID-FORTUNA TRANSMISSION LINE AND FORTUNA SUBSTATION AND FURNISHING **EQUIPMENT FOR ADDITION TO** PANAMA SUBSTATION

Proposal for Public Bid No. 541-80 "Supply and Erection of David-Forcuna Transmission Line and Forcuna Substation and Furnishing Equipment for Addition to Panama Substation for the Fortuna Hydroelectric Project" will be received until exactly 09:00 o'clock (9:00 a.m.) in the morning of September 19, 1980, at IRHE's Training Room located on the third floor of the Poli Building, Cuba Avenue between 26th and 27th Street, in Panama City, Republic of Panama.

The Bid consist of three (3) schedules of prices: 1. Schedule A

Supply and Erection of David-Fortuna 230 kV, Double Circuit Transmission Line, between David Substation and Fortuna Substation, approximately 38 km (24 miles) long. Schedule B

2 Supply and Erection of 230 kV Fortuna Substation with six (6) circuit breakers, two (2) outgoing lines to David, and three (3) 230 kV cable circuits connecting to three (3) transformer-generators; and furnishing and delivering electromechanical equipment and structures for Panama Substation to connect a new 350 MVA, 230/115 kV autotransformer.

Schedule C -3. Furnishing, Delivering and Supervision of Erection of one (1) 350 MVA autocransformer for Panama Substation.

IRHE has received the Loan No. 1470-PAN from the International Bank for Reconstruction and Development in various currencles equivalent to forty-two (42) million U.S. Dollars (U.S.\$42,000,000) towards the foreign cost of the Fortuna Project. It is intended that proceeds of this loan will be applied to payments of foreign costs under the contract for which this invitation to Bid is issued. These costs will be eligible for disbursement from the loan in the currency of the country of the contractor and/or in U.S. Dollars. In addition, if substantial portions of the goods and services originate in countries other than that of contractor's country of origin, the contractor may quote these costs in the currencies of the countries from which such goods and services originated.

Consequently, the only acceptable bid proposals, for contractors and goods and services will be those from country members of the International Bank for Reconstruction and Development, IBRD, and Switzerland

All proposals must be made according to the laws of the Republic of Panama and the guidelines for procurement under World Bank Loans, as detailed in the bid documents.

Said documents, as well as maps, drawings, specifications and Bid forms, may be inspected at IRHE's offices. Design Department, Poli Building, Cuba and twenty-seventh (27th) Street (Attention: Ing. Ricardo E. Vasquez) or at Chas T. Main Offices located at Southeast Tower, Prudential Center, Boston, Massachusetts, 02199, United States of America (Attention: Mr. R. N. Fenno), or at Panamanian Embassies in the United States of America, France, Italy, United Kingdom, Sweden, Federal Republic of Germany, Brazil, Spain and Japan.

The complete set of documents may be obtained only at the offices of IRHE in Panama, Purchasing Department, Poli Building, Second Floor, Justo Arosemena and twenty-seventh (2th) Street, or at the offices of Chas T. Main, Boston, Massachusetts, after a nonrefundable payment of two hundred U.S. Dollars (U.S.\$200) per set. ARQ. EDWIN E. FABREGA

Director General.

May, 1980,



LEMBAGA LETRIK NEGARA TANAH MELAYU

NATIONAL ELECTRICITY BOARD OF THE STATES OF MALAYA

TRENGGANU HYDRO-ELECTRIC PROJECT

CONTRACT NO. 1854/12 - TRANSFORMERS CONTRACT NO. 1854/13 - KENYIR 275 KY SUBSTATION

LEMBAGA LETRIK NEGARA TANAH MELAYU invites epplications from suitably qualified and experienced contractors wiening to be registered as tenderers for either of the following contracts for the Trengganu Hydro-Electric Project in Trengganu Maleyela:

Contract No. 1854/12—TRANSFORMERS wact comprises design, supply, delivery and erection, etc., of the This contract con following plant:

Four-112 MVA, 289.5/13.8 kV, 50 Hz, three-phase, two winding trens formers with off-circuit taps and euxiliary equipment. Two—180 MVA, 275/132/11 kV, 50 Hz, three-phese auto-transformare autable for SF6 ges insulated busber connection at 275 kV, complete with on-load tap-changer and auxiliaries.

Two—500 kVA, 11/0.415 kV, 50 Hz transformers connected to the 180 MVA auto-transformers.
Contract No. 1854/13—KENYIR 275 kV SUBSTATION
This contract comprises design, supply, defivery and erection, erc., of the tollowing.

 Twelve (12) beys of 275 kV double-busbar, single-breaker, indoor, SF6 gas insulated switchnear. Seven (7) bays of 132 kV double-busber, single-breaker, indoor, SF8 gas insulated switcheser.

Line landing gantry structures for twelve bays with connection to transmission lines from the SF6 switchgaar via outdoor surge diverters and SIC counties activities. transmission noss from the or and PLC coupling equipment. Approximately 360 metres of overhead line connection to the power station main transformers.

Control and protection cubicles for the substation switchgaer and associated lines. 11 kV switchboard, eingle-breaker double-busber type and 415V AC and 110V DC auxiliary power supply systems.

Substation cabling and earthing.

LEMBAGA LETRIK NEGARA through the Government of Melaysis has obtained a loan from the Overseas Economic Co-operation Fund Japan under the Sixth Yea Credit to finance the foreign currency portion of these Contracts. Applications for registration will be considered from interested contractors to the following countries:

(1) Member countries of the Organisation for Economic Co-operation and Development (O.E.C.D.).

(2) Developing countries in general subject to individual notification of approval by LEMBAGA LETRIK NEGARA.

approval by LEMBAGA LETRIK NEGARA.

Formal applications for registration should be submitted not letter than 1 July, 1980. It is expected that tender documents will be issued on registered tenderers about 1 August, 1980 for Contract No. 1854/13 and that tenders will be required to be submitted about 3 months thereafter.

Tenderers shall be manufacturers or consorte of manufacturers of the teams described and must have had approved previous experience in the deelin and manufacturer of similar equipment.

Full details of manufacturers' experience and their technical and financial competence must be towarded with the applications. Applications must be accompanied by a banker's order or draft for \$Aust.250 payable to SNOWY MOUNTAINS ENGINEERING CORPORATION as a documentation fee will be refunded only to applicants not issued with tender documents.

Applications must be forwarded to:

Project Manager, Trengganu Hydro-Electric Project, Snowy Mountains Engineering Corporation, P.O. Box 356, COOMA NORTH, NSW, 2630, AUSTRALIA.

With a copy to:

Project Engineer, Trangganu Hydro-Electric Project, National Electricity Board, P.O. Box 1003, KUALA LUMPUR, MALAYSIA.

LEMBAGA LETRIK NEGARA is not liable for costs incurred by applicants in preparing applications and with not be liable for costs incurred by regletered tenderers in preparing tenders.

SOUTH KOREAN TRADING COMPANIES Sharp earnings advance at Samsung

diversified manufacturing and profits to \$24.1m, in comparison uon to tutnover came trading giants, rose by 60 per with the \$41.1m actually group's wholesale and general trading activities which totalled a 56 per cent advance in sales

By Georgie Lee in Singapore

times higher at S\$ 971,692.

engineering firm, United Engin-

obtained from the relevant

\$110m TV deal

GREENVILLE - Liberty Cor-

Cosmos Broadcasting Corpora-

vision stations and three radio

promising performance of the lira and the French franc in 1979

for Liberty

authorities.

Companies

GOLD

5 month U.S. dollars

offer 97/8

1714-171₂ 163₄₋17

LONDON MONEY RATES

Sterling Gertificate of deposit

bld 9 3/4

and Markets

cent in 1979 to 571.2m following declared. to \$2.28bn. The dividend has the second largest of South returned only \$15.6m profit past year. Total long-term debt been increased by 50 per cent. Korea's major trading groups, before tax and interest charges. was \$596m. of which \$243m was and the number three on a The Samsung results are compiled on the basis of local accounting conventions. In a

list with Daewood Industrial in

profits to \$24.1m, in comparison tion to turnover came from the

profits basis. Hyundai heads the profit came from electronics both foreign and Korean comwhich showed an operating mercial banks. note to the balance sheet, the number two slot.

profit of \$59.1m on turnover of About \$675m of debt is auditors Cooper and Lybrand Growth in sales was at \$363.4m. Textile operations secured against plant, property point out that the application of about the same rate in both were also very profitable, with and other assets.

PROFITS OF the Samsung U.S. accounts practices would domestic and foreign markets, sales of \$136.8m yielding in Group, one of South Korea's have reduced group after-tax By far the greatest contribu- come before tax and interest charges of \$55.2m. The balance sheet shows that

trading activities which totalled total debt has climbed by 60 In terms of sales Samsung is \$984m. However, this business per cent to \$1.38bn over the the second largest of South returned only \$15.6m profit past year. Total long-term debt The largest contribution to in foreign currency loans, from

Michelin Canada proposes Singapore Land moves third Nova Scotia plant ahead

BY OUR FINANCIAL STAFF

SINGAPORE LAND, the major rent depressed state of the Singapore property developer. North American motor industry. has reported an 18 per cent rise in group pre-tax profit for the half-year ended February. Patax profit was \$\$ 3.1m (U.S.\$ 1.5m). against \$\$ 2.6m in the first half of last year.

Much of the impetus for the Michelin Tires Canada has confirmed plans to construct a third production plant in Nova Scotia, and additional investment is scheduled for the U.S.

The \$400m project will inrise came from increased interest income, which was 4.3 volve the construction of a 100,000 sq metre, new facility producing car, truck and off-Singapore Land disclosed that it has agreed in principle highway tyres as well as the expansion and re-orientation of with the major Singapore two existing plants at Bridgewater and Granton, Nova Scotia. Work will begin immediately eers (UE), to redevolep UE's industrial site at River Valley Road as a commercial centre, for completion late in 1982. It will add 1,800 jobs to the comsubject to approval being pany's 3,600 existing workforce.

The Federal and Nova Scotia

UNPERTURBED BY the cur-equipment. This is the largest amount ever given to attract industry to an area of slow economic growth in Canada.

Confirmation of the move comes after months of speculation and vehement opposition from management and unions in existing tyre plants to the proposed Federal aid. U.S. owned tyre makers in Quebec, Ontario and Alberta are having to reduce production and lay off workers because of falling

Production at some sites is being stopped completely and consolidation is taking place at others.

Backed by the Canadian Labour Congress, the United Rubber Workers of America opposed what it considers to be governments are to provide Federal aid in the export of grants of up to \$56m covering jobs from western and central the cost of construction and Canada to the East Coast.

Italian textile group out of red

poration's broadcasting unit, BY OUR FINANCIAL STAFF COTONIFICIO CANTONI, the incurred in 1978. As a result Italian textile group, has moved shareholders are to receive a out of the red for 1979 and plans dividend of L200. No payment tion, has agreed to buy Orion Broadcasting of Louisville for \$110m. Privately held Orion owns four network-affiliated tele-

to increase its capital. Net profits for the year have the 1979 results gained from emerged at L1.5bn (\$1.8m) in property disposals, the company contrast to the losses of L8.3bn said.

Lira problems grow BY COLIN MILLHAM

Italy's lira, always considered towards the failure of Europe's tion to prevent devaluation.

with the D-mark in the previous

superior system.

The only currencies to come under pressure were the Danish

Those of little faith pointed coupled with resolute interven- much Italian exporters may cent.

(£2481₂-2501₂) (£249,6241 (£249,625)

(£258-261) (£255-258) (£631₂-641₂) (£76-78) (£761₂-781₂)

June 5

\$602-605 \$596-601 \$148-149 \$177-180 \$178-181 \$152-155 \$725-736 \$570-576 \$667-671

| Day's | Spread | Close | Cine month | % | Three | % | Spread | 2.3292-2.3380 | 2.3315-2.3325 | 1.57-1.47c pm | 6.72 | U.S. | 2.0975-2.0985 | 2.0975-2.0985 | 1.45-1.35c pm | 7.82 | 3.57-3.87 pm | 6.72 | U.S. | Caneda | 1.1825-1.1559 | 1.1525-1.1538 | 0.30-0.35c dis | -3.39 | 0.52-0.68dis | -2.19 | Santh Ind. | Selgium | 22.37-28.43 | 28.37-28.39 | 27.4c dis | -1.23 | 0.54-0.68dis | -1.21 | Santh Ind. | Selgium | Denmark | 1.56-0.05c dis | -1.23 | 0.54-0.64dis | -1.21 | Selgium | Denmark | 1.7715-1.7755 | 4.50-5.00en dis | -1.32 | 0.54-0.69pm | 0.23 | U.S. | Caneda | 1.7710-1.7760 | 1.7715-1.7725 | 4.50-5.00en dis | -1.32 | 0.54-0.69pm | 0.23 | U.S. | Caneda | 1.7710-1.7760 | 1.7715-1.7725 | 4.50-5.00en dis | -1.23 | 0.54-0.69pm | 0.23 | U.S. | U.S. | Caneda | 0.56-0.68dis | -2.19 | Denmark | 1.221 | Denmark |

6 month U.S. dollars

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

10-12 10-12

121g-121g 113g-115g 101g-107g 101g-101g

offer 9 16/18

Local Auth. Finance negotiable House bonds Deposits

Finance Houses Base Rates (published by the Financ Houses Association) 17½ per cent from June 1, 1980. spring Bank Deposit Rates for some at seven days' notic 15 per cent. Clearing Bank Rates for lending 17 per cent, eacury Bills: Average tender rates of discount 15.9506 per cent.

171g-177g 1734-1814

178 178 174

Dutch Guilder

The following nominal rates were quoted for London dollar cartificates of deposit; one-month \$5.9½ per cent; three-months \$1.9½ per cent; six-months \$1.2.9½ per cent; one year \$1.9½ per cent; three years 10½-10½ per cent; four years 10½-11½ per cent; three years 10½-10½ per cent; four years 10½-11½ per cent; three years 10½-10½ per cent; four years 10½-11½ per cent; three years 10½-10½ per cent; four years 10½-11½ per cent; three years 10½-10½ per cent; four years 10½-11½ per cent; four years 10½-11½ per cent; nominal closing rates. Short-term rates are cell for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

175g 175g

_____ 15;3

1654 1676 1478-1418

165g-165g 165g 161g 161g-157g 161g-165g-167g-157g

one of the European Monetary major currencies to keep pace System's more vulnerable mem- with the D-mark in the previous

bers, surprised many foreign currency snake, but the founding exchange market observers by fathers of the EMS must have its strength last year. It could felt vindicated by the first year

even be suggested that the performance of their apparently

the Common Market. Only franc, where the authorities sterling remains outside. employed very firm interest rates

Gold Builion (fine ounce)

(£2581e-2581e)

Gold Coins

THE DOLLAR SPOT AND FORWARD

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 6)

. bid 9 18/16

Local Authority

1614-1712

167₀-17 163₄-17 161₅-17₁₂ 163₅-17 161₅-17₇₂ 163₅-17 161₅-164₂ 163₄-17 163₄-157₆ 163₄-167₆ 143₄-167₆ 147₆-151₈ 147₆-147₆ 147₆-151₈

U.S.Doilar

(£264-266) (£260-264) (£65-66) (£7634-7834) (£7714-7914)

June 6

CURRENCIES, MONEY and GOLD

dispelled some of the scepticism under pressure were the Danish which originally surrounded the launching of another attempt at a joint float by the members of devaluations, and the Belgian the Common Market. Only franc, where the authorities are more a devaluation at the moment a devaluation already labouring under an in-

was made previously. The 1979 results gained from

rency may be due for devalua-

employed very firm interest rates looks rather unlikely, however flation rate of more than 20 per

OTHER CURRENCIES

Argentina Peso ... 4255-4275 Australia Dollar 2,0285-2,0325 Brazil Cruzehro... 117,90-118,90 Finland Markka... 8,50-8,58

4.53-4.57

12.86-12.93 1.1090-1.1130 4.124-4.154 113.90-114.50 162.70-163.25

1940-1948 11.32-11.39

11.32-11.33 13.60¹-9.66, 9.61¹-9.62¹-9.61¹-9.62¹-9.73¹-9.74¹-510-515 511¹-512¹-29.67-29.62 29.50-29.55 3.81¹-3.84¹-3.82-3.83

June 6

time. This has led to sug- are finding the going increasingly gestions that the Italian cur- difficult

1825-1832 0.8702-0.8706 Beiglum. 50.61-50.81 Denmark

2.6890-2.6900 4.54-4.55

12.88-12.89 1.1115-1.1125 4.13¹-4.14¹-2 114.05-114.25 163.10-163.20 1941¹-7942¹-2 11.34-11.35

Rate given for Argentina is free rate

THE POUND SPOT AND FORWARD

Belgian rate is for convertible francs. Financial franc 65.95-67.05. Six-month forward dollar 6.52-6.42c pm. 12-month 9.35-9.25c pm.

Italian Lira

17kg-18kg

Asian S

CURRENCY RATES

Bank Special Europeal

1212-1234

121g-1234 123g-1258 1014-1018

The fixing rates are the arithmetic means, rounded upwards to the nearest one-sixteenth

of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of

Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

125g-191g 125g-121g 127g-1213 125g-137g 126g-127g 124g-127g

21-11cc pm 13-3c pm 13-3-yore dis 0.05-0.01p pm 32-2-pf pm 25c pm-90c dis 10c pm-90c dis

First quarter sales increase for Schering

BERLIN - Turnover Schering totalled DM 463m in the first quarter of 1980, up 15.7 per cent from the year-earlier quarter, while consolidated turnover rose 26.6 per cent to DM 846m.

Schering is West Germany's fourth largest pharmaceutical company.

First quarter profits of the parent company rose sharply, it is announced in an interim report, but Schering declined to specify results or to comment on group profits. The report said that results for the rest of 1980 should be tive" for the parent.

The sharp growth for consolidated turnover was influenced by the inclusion for the first time of results for two new U.S. subsidiaries, Berlex Laboratories and Chemcut Cor-poration. Without such inclusion, consolidated turnover would have grown by only 23.3

per cent. The report noted that the bulk of growth occurred in domestic business in contrast to 1979. Domestic turnover in the first quarter for the parent accounted for DM 196m, up 23.3 per cent from the year-earlier

Any such move would also

£ Note Rates

29.35-29.65 66.70-67.30 12.80-12.89 9.57-9.63

7.82 3.97-3.37 pm 5.13 3.35-3.20 pm 6.27 54-54 pm 1.45 33-23 pm -2.44 7-9-54 dis 0.32 0.24-0.19 pm 7.61 77-64 pm -3.42 30 pm-90dis -2.21 10pm-70dis -2.21 14-17 dis 6.48 16-15 pm 3.74 104-94 pm 1.01 2 pm-par 4.88 7.25-6.80 pm 6.91 51-46 pm 10.88 104-94 pm

son Matthey...June 18 Final 6.9

Kenning Motor...June 25 Int. 1.75

	issue Price pt	Pald U	High	Low	Stock	Prior P	+ <u>o</u> r	Amoun	Oovere Gross	P.E.
	85	F.P. 16/5	95	82 135	'Amstrad Cons. Electrical Cons. Electric		; –2		3.0 5.7	6.5
i	. 55 	F.P. 20/6	. 80 £255a	. 74	Home Farm Proce 18 MarshamoLen nUSS	p 74	: ===	و_8دا;	2.5 5.6 - 6.4	70.1
1	100	F.P.27/6	; 91 ⁻	¦ 79 ¯	Oakwood Group	_! 79 T	·	66.5		5.1
Ì		1						:		"

Issue Price to	Amount Paid Up Latest Renuno Dato	1980 High Low	Stock	Otosing Price &	+ 01
= - W m ref - 6.	F.P. 30/5	125g 12 102 : 991 ₂ 10pm:7 ₂ pm :104 101 125g 12	Automated Sec. 8% Cnv. Uns. Ln. '95 Folkstone & District Water 19pc Pref '85 Mid Southern 10% Red Prf. 1985 NSS Newsag'ts 10% Cnv. Uns. Ln. 1990-2000 North Brit. Props. 9±% Cov. Uns. Ln. 1996 North Surrey Water 10pc Pref. 1885 Norwest Holst 112% Red Cum Pref 1986	125g 99½ 74pm 101 125g	12

MONET and GOLD				unc. ate	High -	- Low	Stock			ŀ
tion to prevent devaluation. Now the pressure seems to be building up against the lira, which has been the weakest member of the EBS for some favour one. The Bank of Italy has plenty of reserves to play with, while other members of the EEC are unlikely to appreciate a bost for Italy's exports at a time when their own industries	50 200 18 54 27 40 118 126 60cts 54 98 180	NIII NIII NIII NIII NIII NIII NIII NII	30/5 11/6 16/5 30/6 3/6	20/6 23/7 13/6 18/7 18/7 27/6	100 528 pm 191 ₂ 91 ₂ pm 51 47 153 150pm 435pm 435pm 36pm 306	550 pm 18 7pm 27 41½ 124 127 pm 190 pm 67 30 pm 194	Brent Chemicals. Clifford's Dairies 'A'. Clyde Petroleure. East Rand Cons. Eleco. First Castle Secs. Hawley Leisure. Linfood Lloyde & Scottish. Pancontinental Rugby Portland Coment. Siyermines. Unitech Watmoughs.	87 330pm 18 7½pm 29 42 132 130pm	+5 +5 +5 -1g +25 +1 ₂	

Renunciation data usually last day for dealing free of strain duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. 1 Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p! Pence unless otherwise indicated. I Issued by tender. I Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalization. §§ Reintroduced. If Issued to connection with reorganisation, merger or takeover. If Introduction. ☐ Issued to former preference holders. M Alterment letters (nr. fully-raid). ** Provisional or partly-paid allottenent letters. * With warrants. †† Unlisted Security. ‡‡ Issued as only comprising 2 partly-bating pre! shares and 1 ord. share at R3.50 per unit. † Deslings under so-rie! rule.

BASE LENDING RATES

	Depres
American Express Bk. 17 %	C. Hoare & Co †17 %
mro Bank 17 %	Hongkong & Shanghai 17 %
lenry Ansbacher 17 %	Industrial Bk. of Scot. 171%
P Bank Ltd 17 %	Keyser Ullmann 17 %
rbuthnot Latham 17 🖔	Knowsley & Co. Ltd 19 %
Associates Cap. Corp. 17 🕉	Langris Trust Ltd 17 %
Banco de Bilbao 17 %	Lloyds Bank 17 %
ank of Credit & Crace. 17 %	Edward Manson & Co. 18 %
Sank of Cyprus 17 %	Midland Bank 17 %
kank of N.S.W 17 %	Samuel Montagu 17 %
lanque Belge Ltd 17 🐒	2 Morgan Grenfell 17 %
Sanque du Rhone et de	National Westminster 17 %
la Tamise S.A 171%	Norwich General Trust 17 %
arclays Bank 17 %	P. S. Refson & Co 17 %
remar Holdings Ltd. 18 %	Rossminster 17 or
rit. Bank of Mid. East 17 %	Ryl. Bk. Canada (Ldn.) 17 %
rown Shipley 17 %	Schlesinger Limited 17 ox
anada Perm't Trust 18 %	E. S. Schwab 17 %
ayzer Ltd 17 %	Security Trust Co. Ltd. 18 oc.
edar Holdings 17 %	Standard Chartered 17 %
harterhouse Japhet 17 %	Trade Dev. Bank 17 %
houlartons 17 %	Trustee Savings Bank 17 or
E. Coates 17 %	Twentieth Century Bk. 17 og
onsolidated Credits 17 %	United Bank of Kuwait 17 %
o-operative Bank*17 %	Whiteaway Laidlaw 174 of .
orinthian Secs 17 %	Williams & Glyn's 17 %
he Cyprus Popular Bk. 17 %	Windrust Secs. Ltd 17 %
uncan Lawrie 17 %	Yorkshire Bank 17 %
agil Trust	Members of the Accepting Houses
T. Trust Limited 17 %	Committee.
irst Nat. Fin. Corp 191%	

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PENDING DIVIDENDS

RECENT ISSUES

EQUITIES

* Board meeting intimated. † Right issue since made. ‡ Tax free. § Scrip issue since made. ‡ Forecast.

Issue Price p:	Amount Paid Up	Lateet Ronung. Date	19 High	leo	Stock	Closing Price pt	+-0	Div. P. Or Amount	Oovered Gross Yield	Ratio
85 55 !! !!	F.P	. 16,5 . 20,6 . 27,6	95 180 80 £2558	82 135 74 £25 8	'Amstrad Cons. Elect 11Hemerdon Mng. 10 Home Farm Prods 18 Marshawic Len' nuss Oakwood Group	c 135 o 74 14253		52.9 253.8	2.5 5.6 1 2.5 5.6 1 2.4 11.8	<u>.</u> 1

FIXED INTEREST STOCKS

Amount Paid Up Latest	1980 High Low	- Stock	Price L
F.P.30/5 N.P. 19/6 F.P.27/6	125g 12 102 : 991; 10pm:7; pm :104 101 125g 12	Automated Sec. 8% Crv. Uns. Ln. '85	125g 99½ 74pm —½ 101 125g

"RIGHTS" OFFERS

issue	뚫	l Le	itest nunc.	11	980		Olosing prices	
Price p:	\$E.	•	ate	High	· Low	• Stack	85	
30				. 150		Brent Chemicals	136	;÷3
6 ₀				100			87	, + I
200	NI)	, -	. —	328 pm	:339 pm	Clyde Petroleum	330pm	í+6
18	Nii	30/5	20/6	. 1913	18	East Rand Cons	18	
54	Nil	11/6	23.7	912 p.m	7pm	Eleco	712pm	ig
27						First Castle Secs	29	
40	Nil	30/6	18/7	47	411	Hawley Leisure	42	
118	F.P.		18/7	133	124	Linfood	132	1-1
126	Nii					Lloyds & Scottish	130pm	i
60cts		· —	1 —			Pancontinental		! ÷ 25
54	F.P.	9:5	27/6			Rugby Portland Coment	7412	+42
98	Nil		1-31-	36pm		Silvermines		1
180		14/5	27/6	306	194	Unitech	272	
	F.P.	2.14	18/6	143	123	Watmoughs	135	
,			,,-					

LOCAL AUTHORITY BOND TABLE

Authority	Annual gross interest	рау-	Minimum sum	Life of bond
Knowsley (051 548.6555)	%	1	£	Year
Redbridge (01478 3020)	. 14 1	½-year ½-year	1,000 200	2-3
Redbridge (01-478 3020)	. 141	}-year	200	5-6

Allied Irish Bank 17 %	Hill Samuel \$17 %
American Express Bk. 17 %	C. Hoare & Co +17 %
Amro Bank 17 %	Hongkong & Shanghai 17 %
Henry Ansbacher 17 %	Industrial Bk. of Scot. 171%
A P Bank Ltd 17 %	Keyser Ullmann 17 %
Arbuthnot Latham 17 %	Knowsley & Co. Ltd 19 %
Associates Cap. Corp. 17 %	Langris Trust Ltd 17 %
Banco de Bilbao 17 %	Lloyds Bank 17 %
Bank of Credit & Cree. 17 %	Lloyds Bank
Bank of Cyprus 17 %	Midland Bank 17 %
Bank of N.S.W 17 %	Samuel Montagu 17 %
Banque Belge Ltd 17 %	E Morgan Grenfell 17 %
Banque du Rhone et de	National Westminster 17 %
la Tamise S.A 17196	Norwich General Trust 17 %
Barclays Bank 17 %	P. S. Refson & Co 17 %
Bremar Holdings Ltd. 18 %	Rossminster 17 %
Brit, Bank of Mid. East 17 %	Ryl. Bk. Canada (Ldn.) 17 %
Brown Shipley 17 %	Schlesinger Limited 17 %
Canada Perm't Trust 18 %	E. S. Schwab 17 %
Cayzer Ltd 17 %	Security Trust Co. Ltd. 18 %
Cedar Holdings 17 %	Standard Chartered 17 0:
🖺 Charterhouse Japhet 17 😘	Trade Dev. Bank 17 %
Choulartons 17 %	Trustee Savings Rank 17 or
C. E. Coates 17 02	Twentieth Century Rk, 17 or
Consolidated Credits 17 %	United Bank of Kuwait 17 %
Co-operative Bank*17 %	Whiteaway Laidlaw 17102
Corinthian Secs 17 %	Williams & Glyn's 17 %
The Cyprus Popular Bk. 17 %	Windrust Secs. Ltd 17 %.
Duncan Lawrie 17 %	Yorkshire Bank 17 %
Eagil Trust	Members of the Accepting Houses
E. T. Trust Limited 17 %	Committee.
First Nat. Fin. Corp 1910	
First Nat. Secs. Ltd 19 %	 7-day deposits 15%, 1-month deposits 15%.
Robert Fraser 17 g	† 7-day deposits on sums of £10,000
Autory Gibbs 17 %	and under 15%, up to £25,000
Greyhound Guaranty 17 %	154% and over £25,000 1572%.

It will be published on the following dates in the remainder of 1980;

DECEMBER 16

The Financial Advertisement Department

هكذمن لأيول

The Taiyo Kobe Bank Ltd.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit Series C — Maturity date 9 December 1980



In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the final six month interest period from 9 June 1980 to 9 December 1980 the Certificates will carry an Interest Rate of 101/8 % per annum.

> The Chase Manhattan Bank, N.A., London

The Bank of Tokyo, Ltd.

Negotiable Floating Rate U.S. Dollar Certificates of Deposit Series D — Maturity date 9 December 1980



In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the final six month interest period from 9 June 1980 to 9 December 1980 the Certificates will carry an interest Rate of 10 1/2 % per annum.

Agent Bank-The Chase Manhattan Bank, N.A., London



LG. Index Limited 01-351 3466. Three month Silver 747.50-751.00 29 Lamont Road, London SW10 0HS. 1. Tax-free trading on commodity futures.
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J. Henry Schroder Wagg & Co. Ltd. 120, Chapside, EC2 01-5884

120, Chespelde, EC2 Am. Inv. Tst. May 28. [US\$16.20]

Lloyds Bd. (C.1.) 10/1 Mgrs. 0534 27561 Lloyds Rd. (C.1.) 10/1 Mgrs. 0534 27561 Lloyds Rd. Oreas. 155.3 Sd. 1.93 Mgrt dealing June 12 Lloyds Rd. (C.1.) 10/1 Mgrs. 12.1 Lloyds Rd. (C.1.) 10/1 Mgrs. 12.1 Lloyds Rd. (C.1.) 10/1 Mgrs. 11.1 Lloyds Rd. (C.1.) 10/1 Mgrs. 11.1 Lloyds Rd. (C.1.) 10/1 Mgrs. 11.1 Center 11.1 (Switzerland) Lloyds Int. Ground. St. 27.95 250.05 ... 6.20 Mgrs. 10/1 Mgrs. 10/ Delezioaris 1002 27 23.44 653 Tokyo Trusi Jane 4 635(128 - +120 230

Standard Chartered Intl. Bd. Fd. 37 rise Notre-Danie, Lucembourg. MAV May 31 US\$10.22

| 131.0 | 146.8 + 0.3 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6 | 154.6

Tokyo Pacific Heldings N.Y. Tokyo Pacific Hidgs. (Senheard) M.V. Istimb Manapement Co. N.V., Caracao. NAV per share May 26 US\$62.60

P.O. Box 119, St. Peter Port, Guerraey, C.I.

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See: Exempt Gat Fei [1] 35 1.67

Providence Capital Life Ass. (C.1)
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Intel Engity Fei ... (53.9, 1.16)
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Quest Franci Manganari. (Jersey) Lid.
Pro Box 194, St. Heiser, Jersey. (53.4 2)
Quest Stg. Fad. Int. (53.9, 9.1)
Gast Int. Sees. (53.9, 1.16)
Prices on June 4. Next dealing June 11.

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Chounel Capital (71.0
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Overseas June 4 1/59/92 139 (Accust. Units) 1/5/27 240

246

CACLUME STORY | 173 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273 | 273

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Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 142-142 per cent: four years 143-143 per cent; five years 143-143 per cent. • Benk bill rates in table are buying rates for grame paper. Buying rates for four-month bank bills 1573-157, per cent; four-month trade bills The per cent. Approximate selling rates for one-month Treasury bill 15¹¹₁₆-15¹²₁₆ per cent; two-months 15¹²₁₆ per cent; three-months 15¹⁶ per cent. Approximate selling rates for one-month bank bills 17¹₁₆-17¹₁₆ per cent; two-months 16¹⁶ per cent; three-months 15¹⁶ per cent; three-months 15¹⁶ per cent; and three-months

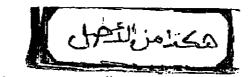
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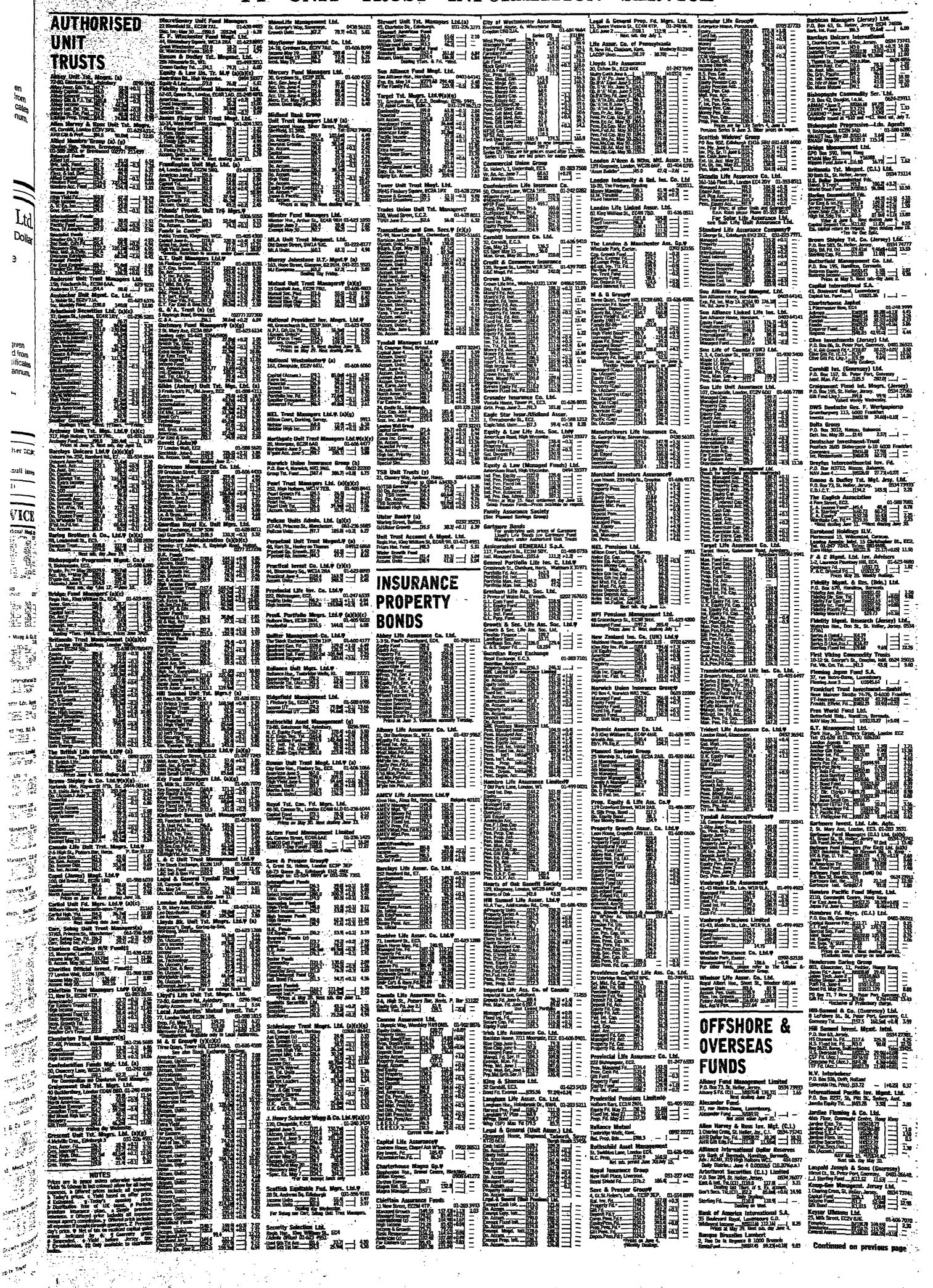


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FINANCIAL TIMES

Monday June 9 1980



Workers fear Jaguar sale

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

Castle Bromwich body plant, Birmnigham, today that control of the factory is to be trans- today as a logical consequence ferred to Jaguar from Pressed of the rundown of Castle Brom-Steel-Fisher. The move is wich under the rationalisation bound to arouse suspicions plan announced by Sir Michael among some BL unions that Edwardes, the BL chairman. Jaguar cars is to be sold off.

The decision increases potential for the quality cars operation to function as an independent unit. Though a separae company under the BL umbrells, Jaguar has remained merely a customer of Pressed Steel-Fisher, taking painted bodies from the Castle Bromwich plant.

BL insists that ownership of

BL will tell workers at the intention to allow a sale. The switch of management.

> already left the Birmingham saloon body shells switched to ings to Longbridge, Birming- ance.

About 2,000 workers have

Jaguar, with its premium-priced ation on such projects is crucial Jaguar is crucial to its full products and reputation for to its future independence. improve Jaguar model range, and denies any quality, would be a highly sale- Jaguar union leaders, proud and profitability.

able operation. One obstacle, of their quality product, have control is likely to be presented heavy investment in product from the BL group. development for the new range

less fuel. Jaguar product show any interest. engineers are delighted with which offers considerable fuel approaching £20m last year. Cowley, Oxford and Mini press- economies with high perform-

am. To offset development cost of Castle Bromwich which dis-The bulk of Castle Bromwich's the engine, and other key com-rupted the launch of the Jaguar work is now for the two Jaguar ponents, management might series III. plants at Coventry. look to collaboration with other The new Advocates of the break-up of manufacturers. BL has made ture expected to be announced BL have long argued that clear that it believes collabor-

however, might be the need for been pressing to be cut loose

But management stressed of models due in the mid-1980s. during the April strike over a Particularly important in the new grading structure, that luxury car market is develop- profitability had to be achieved ment of an engine consuming before private capital would

The company hopes to break plant, with production of Rover progress on a smaller engine even this year. It suffered losses The main cause of the deficit

was a shortfall of bodies from The new management struc-

to workers today is designed to overcome such problems, and improve Jaguar productivity

Lloyd's group makes computer provision

MEMBERS of a Lloyd's underwriting syndicate, under the management of C. T. Bowring. reserves have had to be created for outstanding losses on insurance

(Underwriting Agencies), one of the largest underwriting agency groups in Lloyd's, has told members of group syndicate 360 its the non-marine account, which includes all types of general insurance business, would have produced a good profit for the 1977. underwriting year "had it not reserves which we had to set losses on the computer-leasing policies."

insurance are expected to rise to £170m for the Lloyd's market have been told that substantial as a whole, and are likely to produce the biggest profit setback for the Lloyd's market in its 300-year history.

Results for the 1977 under-Mr. R. B. E. Laurie, chief writing year will be released executive of C. T. Bowring later this year. Lloyd's keeps its accounts open for three years so losses may be taken back to the year in which the business was accepted.

In the last reported under-

ing because the market took "will be invested pending the expected to produce "a satisfac-little account of the rapid rate actual settlement of the claims tory underwriting profit," Mr. up to provide for outstanding of advancement in computer

Under the computer-leasing come in the next few years."

Losses on computer-leasing insurance scheme, computerleasing companies were insured against early termination of leasing contracts by customers.

When new IBM models and cheaper ranges became available in 1978, almost every customer gave notice of likely cancellation with a view either to changing equipment or renegotiating its lease. More than 14,000 in-

In his letter to underwriting members of the Bowring syndiwriting year, 1976, Lloyd's cate Mr. Lawrie tells his mem-declared total profits of £122.8m. bers who participated in the bers who participated in the It has run into serious trouble 1977 underwriting account that on computer-leasing underwrit- additional reserves required and should help to enhance Laurie says that the 1979 capital gains and investment in- account "is showing a marked

He tells the members of the syndicate that although motor, aviation, and employers' liability insurance business all closed with underwriting profits on the agency's other managed syndicates, they were not

After consolidating the business from all the syndicates an overall profit was shown only "after taking into account income and capital appreciation earned on syndicate invest-

enough to meet losses arising

from computer-leasing business.

While the 1978 account of non-marine syndicate 360 is

Auditors may seek oil reserve disclosure

BY MICHAEL LAFFERTY

Committee plans to ask companies in oil and gas industries ing standard, SSAP 16. to disclose the volume of their Under the present accountproved reserves.

for British company accounting matters.

The move is designed to improve the quality of information in oil company annual accounts, which are seen as highly successful. having significant limitations under present accounting con-

Guidance notes setting out will be asked to give the information in their next pub-

The notes are to cope with the

THE ACCOUNTING Standards companies face in implement- ing a proposed discussion paper its balance sheet recorded ing the new inflation account-

ing system, companies treat The ASC is the rule-making some or all exploration expenditure as a fixed asset in their not reflect the fact that some companies may find little oil or gas, while others may be

proved reserves, and of move-ments within each year, is also maximum write-off period of 40 clation on buildings under the seen as a way of bringing the years, similar to that which historic accounting system. ASC's proposals are expected UK into line with developto be published soon. Companies ments in the U.S., where companies publish such informa-

In other moves to improve

on goodwill, and a special goodwill of £170m out of total accounting standard for prop- assets of £1.6bn. This arises erty investment companies.

accounts when a company pays tion on property investment a higher price for another com- companies would require that accounts. But the approach does a higher price for another company than that reflected by book value. The discussion paper will cal values, suggest that goodwill should be This is

GEC is an example of a company which has a substantial goodwill item in its balance The notes are to cope with the quality of company sheet which it does not the special difficulties that oil accounts, the ASC is consider- depreciate. At March 31, 1979,

almost totally from acquisition Goodwill is an intangible of English Electric in 1969-70.

asset that generally appears in The standard under considera-

The standard under consideraall assets be carried in accounts

This is seen as a way of Disclosure of volume data on written off against operating overcoming property companies' current-value

accounting system being considered, all valuation differences be transferred requirement that properties be

Australia joins U.S. trust law protest

THE AUSTRALIAN GOVERN- tion the force of this resent- ducers outside the U.S. did in- question of the Chicago court's MENT yesterday added to the ment, the U.S. Justice deed act collectively on prices jurisdiction will eventually be gathering international opposi- Department has told Judge and supplies with the encourage tested in higher courts. That gathering international opposition to U.S. legal practices which impinge on world trade.

It drew attention to two court activities: attempts to extend U.S. ani-trust jurisdiction over foreigners acting outside the U.S. and the practice of handdown multiple-damage judgments.

Senator Peter Durack, the Attorney-General, disclosed that his Government had questioned the power of the U.S. District Court in Chicago to try the billion-dollar case brought by Westinghouse Electric against U.S. and international uranium producers for allegedly operating a cartel between 1972 and

It is also seeking agreement among Commonwealth countries not to recognise or enforce U.S. multiple-damage judgments— where compensation to an injured party is multiplied to become punitive damages. The Australian move is

further evidence of the resentment in the world trading com-munity at what are seen as U.S. moves challenging the authority of governments to establish their own commercial policies. Acknowledging by implica-

Continues from Page 1

But the Venice summit should

Some momentum may also be

injected into efforts to forge a

policy on the North-South dialogue. The European Com-

mission has sent a paper to the

summit suggesting one or more

summits of leaders from the in-

dustrialised and non-indus-

Basie: Arrangements for im-

proving the recycling of oil

revenues are also expected to

come under informal discussion

David Marsh writes from

take matters further.

trialised worlds.

tođav.

EEC summit

stage in the EECs search for trialised countries for the

a common position on recycling annual meeting of the Bank

by central bankers from 70 to the dollar. Recent flows of

30 countries meeting here OPEC money onto domestic oday.

Representatives of central Japan, France and Switzerland

Asia, Latin America and Africa, exchange markets, in contrast to

as well as from East bloc the disruption caused by pre-

nations, are joining their vious bouts of reserve diversi-

banks from the Middle East, have helped

counterparts from the indus- fication.

Prentice Marshall, hearing the Westinghouse case in Chicago, that the views of foreign governments involved " are entitled to appropriate deference."

That prompted the Australian Government's second intervention in the case. Submissions have also been filed by the UK, Canadian, French and Swiss Governments.

The case springs from Westinghouse contracts in the late 1960s and early 1970s, to sell to power utilities uranium it did not possess and had not ordered. Short of 65m pounds of uranium on a rising market, it declared "commercial impracticability and said it could not make deliveries.

The power utilities sued, Westinghouse, which has since reached settlements with most of them. It counter-attacked in 1976, bringing an anti-trust demanding punitive against 17 U.S. against 17 U.S. producers and 12 uranium producers, including foreign Australian companies and members of the Rio Tinto-Zinc

Between 1972 and 1975, pro-

for International Settlements.

owned by the world's leading central banks, and for cele-

brations marking its 50th anni-

Japan have succeeded in recent

months in financing part of

their countries' oil-related defi-

cits by attracting substantial

OPEC inflows on to their bank-

Participants at today's meet

ing are likely to review the

further relative decline in the

reserve currency importance of

to stabilise

ing and securities markets.

Central banks in Europe and

ment of their Governments.

Westinghouse has charged the producers with operating a cartel-conspiring to prevent it gaining the supplies of uranium

it required. The main case will be heard in September 1981. Meanwhile Gulf Oil, one of the U.S. defendants, has submitted to the Chicago court that the events leading up to the formation of the alleged cartel mean the court has no jurisdiction to try

the case. That is the argument the Australian Government is now It notes that the U.S. Govern-

ment from 1964 had an embargo on uranium imports and had taken the view that anti-trust considerations in a free uranium market should be subordinated to the need to protect U.S. producers.

By imposing the embargo, the U.S. Government had removed the uranium market from the free flow of market forces anti-trust laws are designed to secure, Australia argues.
It seems likely that the

tion from foreign governments, including that of the UK, where attitudes towards the case are

close to those in Australia. The UK Government will also view sympathetically the Australian move to gather support against U.S. multiple-damage judgments. Senator Durack said he had asked Commonwealth law ministers at a recent meeting in Barbados to agree that such judgments should not be

enforced in other countries. That is a further hint that an international legal front is building up to prevent U.S. courts from extending their jurisdiction outside U.S. territory. The UK has already acted ing Interests Act. 1980.

Outside the Commonwealth. France. Italy and the Netherlands are considering stronger laws against the long arm of the U.S. courts. Such moves might deter U.S. companies, such as Westinghouse, from contemplating actions in the U.S. courts for trading activities that are legal outside the U.S. even though they may be questioned inside it.

Continues from Page 1

Shirley Williams

them. Mrs. Williams said they were not interested in a centre party but in trying to fight for the Labour Party.

the argument yesterday, Mr. Peter Shore, Shadow Foreign Secretary and himself a longstanding opponent of the EEC. hit out with equal venom, at both sides of the argument. Without mentioning any names. he made clear he was annoyed with the way Mr. John Silkin, Shadow Industry Secretary and a possible rival to Mr. Shore in the next Labour leadership contest, had re-opened last week what has always been a very

painful subject for Labour. At

the same time, he attacked—

names—the pro-Marketeers who

without mentioning

speaking on behalf, of all of their views do not carry the

Mr. Shore, a member of the Labour Common Market Safeguards Committee, which, with Mr. Silkin as its standard-In an attempt to damp down bearer, last week launched the new campaign to commit the next Labour Government to unconditional withdrawal from Europe, claimed that there were few issues on which the Labour Party was more united than Europe, with its highly critical attitude.

"If there are those who cannot learn the lessons of experience or who have irretrievably transferred their loyalties from their own people to European institutions, that is a matter for profound regret," he said in a thinly veiled attack on the pro-Marketeers.

But he went on to be equally scathing about Mr. Silkin by threaten to quit the party if implication.

Economic strategy seems set to stay

By Peter Riddell, Economics

THE MUCH-heralded full-day Cabinet meeting on the economy on July 16 will be presented with Treasury proposals for containing publicsector pay rises in the coming wage round and for reducing the volume of public expendi-ture up to 1984.

Any decision on cutting

Minimum Lending Rate will be taken separately, possibly earlier, although the debate on timing is finely balanced within Whitehall and the Bank of England.

It has become clear, however, that there is no serious possibility of a big change in direction in economic strategy as a result of the. meeting. Even Ministers who are most sceptical about

are most sceptical about present policy are likely only to express their worries and are unlikely to press further for the time being.

The meeting is being held primarily because Mrs.

Thatcher likes occasional long examinations of strategy, as did previous Prime Vinice. as did previous Prime Minis ters. The heavy agenda of usual weekly Cabinets has restricted discussion about economic policy.

Moreover, mid-July is a convenient date for such stock-taking. It follows this week's OPEC oil-producers' meeting and the Venice economic summit later this month. Also, the Treasury will seen complete its usual post-Budget economic forecasts and analysis, while Whitehall's review of medium-term publicspending plans (known as the PESC exercise) will have reached ministerial decision

In particular, the Treasury is believed to be advising against relaxation in the present policy of a steady year-by-year reduction in the volume of expenditure.

The savings on UK contri-butions to the EEC Budgetequivalent to 1 per cent of total public spending-will be used to cut public sector borrowing rather than to finance extra expenditure. Treasury Ministers are

more concerned with the relative cost of public spending, especially public sector

Sir Geoffrey Howe, the Chancellor, indicated Friday that a tough line would be taken in setting cash limits this autumn. He did not mention figures but implied the provision for pay rises would be less than the 14 per cent increases allowed this year.

There is still debate in Whitehall about the exact tactics to be pursued and about whether a clearer indication of the upper limit should be given earlier than last year, while avoiding the setting of a general pay

Time to stop bleating, Lombard, Page 14; Brokers divided over MLR cut, Page 3

Weather

UK TODAY

SUNNY intervals; showers, heavy in N.

London, S.E. and S. England, Channel Is., Midlands, E. Anglia Sunny intervals, scattered showers. Max. 17-18C (63-64F). E., S.W., N.W., N. and N.E. England. Wales, Lakes, I. of

Showers, heavy in places, sunny intervals. Max. 15-16C (59-61F).

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THE LEX COLUMN

Tiny's hand should be frozen

For one thing, at Lonrho deserves thanks: without it, the financial columns of newspapers, well researched or not would be a lot duller. The group's latest financial spectacular takes place, formally, in Glasgow on Thursday next week at the annual meeting of House of Fraser. But already Lourho's tiff with the Fraser Board has produced showers of rival circulars and it is leading up to a proxy battle the like of which has hardly been seen in the UK outside takeover bids.

Three questions emerge from the affair. One, which has already been discussed in this column, is whether Lonrho is right to suggest that Fraser should pay a higher dividend: according to the Fraser board Mr. Tiny Rowland originally wanted a final dividend of 8p, wanted a mar dividend of 8p, then 7.35p, and is in the event pushing for 6p through Lonrho's special resolution. The earlier conclusion here was that Fraser was already fully distributions as tributing its current cost earnings, and against a difficult trading background this year there was no reason to think that shareholders of Fraser would benefit from a less

Higher returns

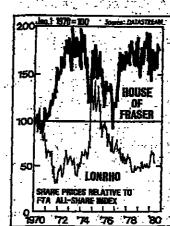
This is, of course, very much matter of opinion. Lonrho ppears to take the view that lthough the management of Fraser's stores is competent, its overall financial management is weak. Instead of continuing to plough back resources into lowreturn retailing it should seek higher return investments elsewhere or, since the directors unfortunately lack the experience" to do this, they should give the money back to share-

prudent distribution policy.

Lonrho's proportion of the extra dividend would be some £900,000 net, a tidy sum but one which represents only just over 5 per cent of its own dividend cost, and surely not an amount which justifies seriously upsetting the relation-ship with a major associated This leads on to the second

Lonrho to take such aggressive would thus be weakened to any measures in seeking to impose deal which might strengthen shar its will on Fraser? After the Lourho's shareholding. generally favourable Monopolies Commission report and subsequent SUITS takeover last year, the group seemed to be beginning to rebuild its bat-Win or lose, this astonishing affair over the Fraser dividend is going to put the clock right not

But then, Mr. Rowland has over, would be unlikely to against Lonrho's resolutions,



never seemed to care very much about the establishment. His credit rating stays good as far the banks are concerned, judging by the way the group's debt rocketed from £347m to £478m in the six months to

His appeal has remained small investors—though not Rowland is being influenced by trols House of Fraser. his heady past successes in proxy battles against oppo-nents as varied as Sir Basil Smallpeice and Sheikh Nasser. This time, however, the votes are being cast not by his own faithful followers but by the

for the attack on the Fraser board? For the third question its merchant bankers, Warburg, is whether Lonrho is somehow tageous change in its financial relationship with Fraser.

Capitalisation

In fact, a straightforward bid would be hard for Lonrho House of Fraser. So long as to mount. At current prices, tered reputation in the City. Fraser is capitalised at £211m its future plans for Fraser, to Lourho's £181m. Buying the other shareholders would be us 70 per cent of Fraser it does wise to take its manoeuvre premium to win shareholders face value. They should vote

leave Lonrho any change out It could be significant how. ever that Lonrho is in the process of clearing away restrictive loan stock trust deeds, so that its borrowing limits will rise from £548m to £725m. This will only leave it just enough head-

room on the basis of its current balance sheet, bearing in mind that its shares would not be widely welcome, so that most of any bid would have to take the form of cash. But the position might look more affordable on the basis of a pro-forma balance sheet taking in House of Fraser's julcy assets: debt of holders' funds of £243m, and its £150m odd of properties are in the books at old valuations which could no doubt be swiftly upgraded — by over £80m, according to the recent direc-

tors report. Cheaper than an outright bid of course, would be some sort of exchange of assets for Fraser comparatively, strong among shares - an injection of hotels, perhaps, or some of the SUITS interests. Acceptance of such strong enough to prevent interests. Acceptance of such Lonrho's shares from being a deal, however, would require valued on a low rating. It is a much less independently tempting to conclude that Mr. minded board than now con-

Favourable terms

It is possible that the whole suggestion of a takeover is a smokescreen, and that the Rowland strategy is in fact to shareholders of a different engineer the disposal of the company. If it is not simply a case of terms. One interesting suggesa headstrong entrepreneur be- tion from Fraser is that if it ing carried away by his impul- wins the proxy count it will offer sive ambitions, could there be the losing Lonnho the oppor-another more complex reason tunity to dispose of its stake by means of a placing organised by

The possibility of a sell-offseeking to trigger an advan- by Lonrho does not, however easily fit in with the various comments littered among its The view of Sir Hugh Fraser, circulars, to the effect that the for instance, is that Lourho is Fraser share price has been trying to gain "creeping con-"distorted" by the possibility trol." A logical extension from of a bid, that the rise has been this is that the extra dividend "speculative," and that Fraser, could be viewed as a bribe to shareholders who are confused Fraser shareholders, using their about how to vote should self own money, as a cover for infilin the market. A skilful dealer. trating four new Lonrho men like Lonrho would scarcely risk 3272. question. Was it wise for on to the board. The resistance spoiling a market in this way. It is understandable that

confused. But they should be aware that Lonrho's interes may well not coincide with those of other shareholders in Lenrho remains so coy about own, at a necessary over the dividend entirely at

£50,000 £500,000 £5,000,000

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